

**299C.061 FINANCIAL CRIMES AND FRAUD SECTION.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Fraud involving state funded or administered programs or services" includes any violation of section 609.445, 609.465, 609.466, 609.52, 609.5523, 609.611, 609.651, 609.7475, or 609.821 involving a state agency or state-funded or administered program or service.

(c) "Peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

(d) "Section" means the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension.

(e) "State agency" has the meaning given in section 13.02, subdivision 17.

(f) "Superintendent" means the superintendent of the Bureau of Criminal Apprehension.

Subd. 2. **Financial Crimes and Fraud Section.** The superintendent shall operate the Financial Crimes and Fraud Section within the Bureau of Criminal Apprehension to conduct investigations into insurance fraud, financial crimes, wage theft, and fraud involving state-funded or administered programs or services. The Section shall be partially or fully comprised of licensed peace officers. Members of this Section have the full authorities specified in chapter 299C and are not limited to the duties enumerated in this statutory section.

Subd. 3. **Duties.** The Financial Crimes and Fraud Section shall:

(1) review notices and reports of insurance fraud and related crimes submitted by authorized insurers, their employees, and agents or producers pursuant to sections 60A.951 to 60A.956;

(2) initiate inquiries and conduct investigations when the Section has reason to believe that any of the following offenses have been or are being committed:

(i) fraud involving state-funded or administered programs or services in subdivision 1, paragraph (b);

(ii) insurance fraud and related crimes, as defined in sections 60A.951, subdivision 4, and 609.611, and support of those activities;

(iii) wage theft and related crimes; and

(iv) any other financial crimes; and

(3) operate the automobile theft prevention program under section 65B.84.

Subd. 4. **Mandatory referral; duty to investigate.** (a) Except as provided in paragraphs (b) and (d), a state agency shall refer all suspected fraudulent activity under the provisions in subdivision 1, paragraph (b), equaling \$100,000 or more to the Section for evaluation and investigation or appropriate referral. Upon receipt of the referral, the Section shall review and, where appropriate, conduct criminal investigations into the allegations. The Section has sole discretion as to which allegations are investigated further, referred back to the reporting agency for appropriate regulatory investigation, or referred to another law enforcement agency with appropriate jurisdiction.

(b) When acting in a civil or criminal law enforcement capacity and permitted by applicable law or order, the attorney general may, in the attorney general's discretion, refer suspected fraudulent activity under

the provisions in subdivision 1, paragraph (b), to the Section for evaluation and investigation or appropriate referral in accordance with paragraph (a).

(c) Notwithstanding paragraph (b), this section has no effect on the authority of the attorney general to investigate and enforce violations or suspected violations of Minnesota civil or criminal law.

(d) Referral to the Section under this subdivision is not required when a state agency is required to refer the fraudulent activity to the state Medicaid Fraud Control Unit in accordance with Code of Federal Regulations, title 42, section 455.21(A)(1)(a), and section 256B.04, subdivision 10.

**Subd. 5. Discretionary referral.** A state agency may refer suspected fraud involving state-funded or administered programs or services equaling less than \$100,000 to the Section for investigation. Upon referral, the Section shall:

(1) accept the referral and, where appropriate, conduct criminal investigations into the allegations and make appropriate referrals for criminal prosecution; or

(2) redirect the referral to another appropriate law enforcement agency or civil investigative authority, offering assistance where appropriate.

**Subd. 6. Data sharing authorized.** Notwithstanding chapter 13 or any other statute related to the classification of government data to the contrary, state agencies making a referral under subdivision 4 or 5 shall provide data related to the suspected fraudulent activity to the Section, including data classified as not public. The Section may share active criminal investigative data concerning insurance fraud with the Department of Commerce.

**Subd. 7. State agency reporting.** By January 15 of each year, each state agency must report all suspected fraud incurred by the agency that involves state-funded or administered programs or services equaling \$10,000 or more to the Section to be summarized in the report under subdivision 8. This subdivision does not apply to information obtained by the attorney general when acting in a civil or criminal law enforcement capacity.

**Subd. 8. Annual report.** (a) By February 1 of each year, the superintendent shall report to the commissioner, the governor, and the chairs and ranking minority members of the legislative committees with jurisdiction over public safety policy and finance, and commerce consumer protection policy and finance, the following information pertaining to the Section since the previous report:

(1) the number of investigations initiated;

(2) the number of allegations investigated;

(3) the outcomes or current status of each investigation;

(4) the charging decisions made by the prosecuting authority of incidents investigated by the Section;

(5) the number of plea agreements reached in incidents investigated by the Section;

(6) the number of reports received under subdivision 7;

(7) the number of state agency referrals to the state Medicaid Fraud Control Unit reported to the superintendent under paragraph (b); and

(8) any other information relevant to the Section's responsibilities.

(b) No later than January 15 of each odd-numbered year, each state agency that is required to make referrals to the state Medicaid Fraud Control Unit in accordance with Code of Federal Regulations, title 42, section 455.21(A)(1)(a), and section 256B.04, subdivision 10, shall report the following information to the superintendent for the two previous calendar years:

- (1) the number of cases referred to the state Medicaid Fraud Control Unit;
- (2) the number of referrals accepted by the state Medicaid Fraud Control Unit; and
- (3) the number of referrals declined by the state Medicaid Fraud Control Unit.

Subd. 9. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 10 and transferred from the automobile theft prevention account in sections 65B.84, subdivision 1, and 297I.11, subdivision 2, is deposited in the account. Money in this fund is appropriated to the commissioner of public safety for the purposes specified in this section and sections 60A.951 to 60A.956.

Subd. 10. **Assessment.** Each insurer authorized to sell insurance in the state of Minnesota, including surplus lines carriers, and having Minnesota earned premium the previous calendar year shall remit an assessment to the commissioner of public safety for deposit in the insurance fraud prevention account on or before June 1 of each year. The amount of the assessment shall be based on the insurer's total assets and on the insurer's total written Minnesota premium, for the preceding fiscal year, as reported pursuant to section 60A.13. The commissioner of public safety shall consult with the commissioner of commerce for purposes of calculating the assessment amount. Beginning with the payment due on or before June 1, 2024, the assessment amount is:

Total Assets	Assessment
Less than \$100,000,000	\$ 400
\$100,000,000 to \$1,000,000,000	\$ 1,500
Over \$1,000,000,000	\$ 4,000
Minnesota Written Premium	Assessment
Less than \$10,000,000	\$ 400
\$10,000,000 to \$100,000,000	\$ 1,500
Over \$100,000,000	\$ 4,000

For purposes of this subdivision, the following entities are not considered to be insurers authorized to sell insurance in the state of Minnesota: risk retention groups; or township mutuals organized under chapter 67A.

Subd. 11. **Investigations; health-related boards.** (a) The Bureau of Criminal Apprehension may consult with the appropriate health-related board when a licensee, licensed under chapter 144E, 147, 148, 148B, 148E, or 150A, is suspected of insurance fraud.

(b) The bureau shall, for any conviction involving or related to insurance, send copies of all public data in its possession to the appropriate health-related licensing board.

Subd. 12. **Administrative penalty for insurance fraud.** (a) The commissioner may:

(1) impose an administrative penalty against any person in an amount as set forth in paragraph (b) for each intentional act of insurance fraud or substantiated acts of attempted insurance fraud, as defined in section 60A.951, subdivision 4, committed by that person;

(2) order restitution to any person suffering loss as a result of the insurance fraud; and

(3) order restitution to a company for the reasonable documented cost of any investigation in connection with the insurance fraud.

(b) The administrative penalty for each violation described in paragraph (a) may be no more than:

(1) \$20,000 if the funds or the value of the property or services wrongfully obtained exceeds \$5,000;

(2) \$10,000 if the funds or value of the property or services wrongfully obtained exceeds \$1,000, but not more than \$5,000;

(3) \$3,000 if the funds or value of the property or services wrongfully obtained is more than \$500, but not more than \$1,000; and

(4) \$1,000 if the funds or value of the property or services wrongfully obtained is \$500 or less.

(c) If an administrative penalty is not paid after all rights of appeal have been waived or exhausted, the commissioner may bring a civil action in a court of competent jurisdiction to collect the administrative penalty, including expenses and litigation costs, reasonable attorney fees, and interest.

(d) This section does not affect a person's right to seek recovery, including expenses and litigation costs, reasonable attorney fees, and interest, against any person that commits insurance fraud.

(e) For purposes of this subdivision, "insurance fraud" has the meaning given in section 60A.951, subdivision 4.

(f) Hearings under this subdivision must be conducted in accordance with chapter 14 and any other applicable law.

(g) All revenues from penalties, expenses, costs, fees, and interest collected under paragraphs (a) to (c) shall be deposited into the insurance fraud prevention account under subdivision 9.

Subd. 13. **Funding allocation.** One hundred percent of the funding allocated to the Bureau of Criminal Apprehension for the assessment in subdivision 10 may only be used for the investigation of insurance fraud and related crimes, as defined in sections 60A.951, subdivision 4, and 609.611, and support of those activities.

**History:** 2002 c 331 s 1; 2004 c 269 art 1 s 8,9; 2005 c 77 s 1; 2009 c 178 art 1 s 2; 2013 c 85 art 6 s 1; 2013 c 135 art 3 s 2; 1Sp2015 c 1 art 3 s 2; 2017 c 94 art 8 s 1; 2017 c 98 s 2; 2024 c 121 art 4 s 1; 2025 c 20 s 12; 2025 c 35 art 3 s 5-8,19,24