

DISTRICT COURT,  
CITY AND COUNTY OF DENVER, COLORADO  
1437 Bannock Street  
Denver, CO 80202

THE PEOPLE OF THE STATE OF COLORADO,

Plaintiffs,

v.

DOUGLAS BRUCE

DOB: 8/26/1949

Defendant.

▲ COURT USE ONLY ▲

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Grand Jury Case No.: 10 CR 001

Court Room: 209

Case No.:

**COLORADO STATE GRAND JURY INDICTMENT**

Of the 2010-2011 term of the Denver District Court in the year 2011; the 2010-2011 Colorado State Grand Jurors, chosen, selected and sworn in the name and by the authority of the People of the State of Colorado, upon their oaths, present the following:

**COUNT ONE:**            **EVASION OF TAXES ADMINISTERED BY THE  
COLORADO DEPARTMENT OF REVENUE,  
C.R.S. § 39-21-118 (1) (F-5)**

**COUNT TWO:**            **FILING A FALSE TAX RETURN, C.R.S. 39-21-118(4) (F5)**

**COUNT THREE:**        **ATTEMPT TO INFLUENCE A PUBLIC SERVANT,  
C.R.S. § 18-8-306 (F4)**

**COUNT FOUR:**        **FAILURE TO FILE RETURN OR PAY TAX,  
C.R.S. 39-21-118(3) (M)**

### **COUNT ONE**

**40021**    Evasion of Taxes Administered by the Colorado Department of Revenue, C.R.S. §39-21-118 (1) (F5)

John W. Suthers, Attorney General for the State of Colorado, in the name and by the authority of the People of the State of Colorado, informs the court that, on or about and between April 15, 2005 and December 29, 2010, in and triable in the City and County of Denver, State of Colorado, DOUGLAS BRUCE, did unlawfully, feloniously and willfully attempt to evade or defeat a tax administered by the Colorado Department of Revenue, in violation of § 39-21-118(1) C.R.S., F-5, and against the peace and dignity of the People of the State of Colorado.

### **COUNT TWO**

**40024**            Filing a False Tax Return, C.R.S. §39-21-118(4) (F5)

On or about and between April 1, 2006 and April 30, 2009, in and triable in the City and County of Denver, State of Colorado, DOUGLAS BRUCE, unlawfully, feloniously, and willfully made and subscribed returns, statements, or other documents, which contained or were verified by a written declaration that they were made under the penalties of perjury, and which the defendant did not believe to be true and correct as to every material matter; in violation of § 39-21-118(4), C.R.S., F-5, and against the peace and dignity of the People of the State of Colorado.

### **COUNT THREE:**

**24051**            Attempt to Influence a Public Servant, C.R.S. §18-8-306 (F4)

On or about and between April 1, 2009 and April 30, 2009, in and triable in the City and County of Denver, State of Colorado, DOUGLAS BRUCE, unlawfully and feloniously attempted to influence the Executive Director of the Department of Revenue, Roxy Huber, and/or her subordinate agents including but not limited to Shirley Stevens and other members of the Discovery Section who are public servants, by means of deceit with the intent thereby to alter or affect the public servant's decision, vote, opinion, or action concerning a matter which was to be considered or performed by the public servant or the agency or body of which the public servant was a member; in violation of § 18-8-306, C.R.S.

### **COUNT FOUR:**

**40023**            Failure to File Return or Pay Tax, C.R.S. §39-21-118(3) (M)

On or about and between April 15, 2007 and April 15, 2008, in and triable in the City and County of Denver, State of Colorado, DOUGLAS BRUCE unlawfully and willfully failed to pay a tax or estimated tax, make a return, keep tax records, or supply tax information as required; in violation of § 39-21-118(3), C.R.S.

The essential facts which support the offenses described in counts one through four were committed in the following manner and include all lesser included and inchoate offenses:

In 2004 the media reported that Douglas Bruce's campaign for County Commissioner promised, in part, to have his salary paid to charity. Specifics of the campaign pledge raised concerns as to legality of Mr. Bruce's stated tax plan for officials at the Department of Revenue. As a result of this media attention that was initiated by Mr. Bruce, the matter was referred to the Fair Share Section of the Department of Revenue for further inquiry.

The inquiry revealed that Douglas Bruce, a Colorado resident at all relevant time to this indictment, filed a timely 2005 Colorado individual income tax return which was signed and dated April 14, 2006. The return showed zero taxable income and requested a refund of approximately \$1,600 which consisted of withholding from his job as an El Paso County Commissioner. The Department of Revenue Discovery Section (formerly known as the Fair Share Section) sent a letter to Mr. Bruce dated May 17, 2006. The letter notified Mr. Bruce that his 2005 return had been selected for examination. This notice requested documentation such as Bruce's 2005 Federal return and attachments. Three years later, Mr. Bruce provided the requested information through a cover letter and supporting documentation dated April 14, 2009. The documentation provided by Mr. Bruce in April 2009 consisted of false information that was used as an attempt to defraud and influence the Executive Director of the Department of Revenue, Roxy Huber, and/or her subordinate agents, including but not limited to the Discovery Section and/or Shirley Stevens, who are public servants. This act attributed to Mr. Bruce was deceitful and done with the intent to alter or affect their decision, vote, opinion, or action concerning a matter which was to be considered or performed by these public servants or the Department of Revenue.

Specifically, Mr. Bruce's 2005 federal return showed, in relevant part, wages of \$39,801, interest income of \$117, a rental loss of \$25,000, gifts to charity of \$45,376 and an IRA deduction of \$5,000. The Colorado Department of Revenue normally relies on a federal return to assess Colorado state taxes. Upon examining Mr. Bruce's federal return, contained in the correspondence of April 14, 2009, staff of the Department of Revenue observed information that raised suspicions as to the validity of the return.

Ultimately, the Grand Jury learned Mr. Bruce failed to include additional income from a \$388,233.56 payoff of an interest-only real estate loan as part of his 2005 return. The 2005 income realized from that loan included unpaid interest of \$17,500.00, other interest of \$5,983.56 and late fees of \$4,200.00. As a result of his actions, Mr. Bruce willfully filed a false return, statement or other documents between on or about April 1, 2006 and on or about April 30, 2009.

Moreover, the Grand Jury learned that on multiple occasions between 2005 and 2009, Mr. Bruce received loan payments that included interest income which he failed to include on any state or federal tax forms.

Furthermore, the Grand Jury learned that on or about December 31, 2004, Mr. Bruce deposited \$2,000,000 in a Wells Fargo account he opened for a not for profit entity named, Active Citizens Together. In fact, Mr. Bruce established Active Citizens Together in 2001 and ostensibly remained in control of it until its dissolution on December 29, 2010. In 2005, Mr. Bruce donated \$43,887 to Active Citizens Together and reflected that fact on his tax return. Mr. Bruce also deposited \$388,233.56 into an Active Citizens Together account along with a "loan" of \$11,766.44 in 2005. In contrast to the \$43,887, neither of these two figures were reflected on

Mr. Bruce's or any other person's or entity's tax related documents. During a subsequent interview with state tax agents, Mr. Bruce described the \$2,000,000 deposit as a "loan" to Active Citizens Together. Additionally, Mr. Bruce commented in that same interview the \$2,000,000 was in effect his money.

Mr. Bruce's "loan" to Active Citizens Together comprised the majority of the organization's deposits which in turn earned interest of approximately \$38,000 in 2005; \$55,000 in 2006; and \$85,000 in 2007. Mr. Bruce failed to include all interest income from this and other "loans" he made to Active Citizens Together on his 2005 taxes. Likewise during this same time period, Mr. Bruce willfully failed to disclose all interest income from his "loans" to Active Citizens Together on any other state or federal tax forms, including but not limited to 990 EZ forms. Similarly, Mr. Bruce failed to inform either state or federal taxing authorities about the \$55,000 in 2006 or the \$85,000 in 2007 in interest income earned, in part, from his "loans" to Active Citizens Together.

For tax years 2006 and 2007 Mr. Bruce earned almost \$40,000.00 per year in taxable wages from his job as an El Paso County Commissioner. As a result of his earnings, Mr. Bruce was required to file a Colorado Individual Income Tax Return for both 2006 and 2007. In a letter dated January 29, 2008, the Colorado Department of Revenue reminded Mr. Bruce to file his 2006 return. Mr. Bruce unlawfully and willfully failed to pay a tax or estimated tax, make a return, keep tax records, or supply tax information as required. Accordingly, he failed to file both his 2006 and 2007 returns on or about and between April 15, 2007 and April 15, 2008.

As summarized above, the Grand Jury learned through testimony and exhibits that Mr. Bruce's diverse actions constituted a scheme to willfully attempt to evade or defeat a tax administered by the Colorado Department of Revenue or the payment thereof, on or about and between April 15, 2005 and December 29, 2010.

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