

SENATE BILL REPORT

SSB 5715

As Passed Senate, February 10, 2004

Title: An act relating to the financial fraud alert act.

Brief Description: Creating the financial fraud alert act.

Sponsors: Senate Committee on Financial Services, Insurance & Housing (originally sponsored by Senators Benton, Prentice, Winsley and Oke).

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/13/03, 2/27/03 [DPS].
Passed Senate: 3/11/03, 49-0; 2/10/04, 48-0.

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: That Substitute Senate Bill No. 5715 be substituted therefor, and the substitute bill do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser, Prentice and Zarelli.

Staff: Joanne Conrad (786-7472)

Background: Financial fraud crimes against financial institutions, retail establishments and consumers, have increased significantly. These crimes cost consumers, law enforcement, businesses and government millions of dollars. In four other jurisdictions, financial institutions are utilizing financial fraud alert systems, to warn each other about criminal activity, in order to prevent these crimes or aid in their prosecution. The fraud alert systems are monitored by the institutions, to prevent misuse.

Summary of Bill: Financial fraud alert system standards are established, for use by private industry associations in managing alert systems for the prevention, detection and prosecution of financial fraud.

Compliance with the standards provides some immunity from liability for financial institutions and retailers using the system in order to prevent financial fraud. The alert system is limited as to who can access it, what types of information can be posted, and how the information can be used. Failure to meet the standards eliminates the immunity. The Washington State Fair Credit Reporting Act has conditional applicability, depending on whether the federal act is found to apply to these types of alert systems.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: A fraud alert system will be a very secure way to appropriately exchange preventive information, which law enforcement can use.

Testimony Against: None.

Testified: Denny Eliason, Washington Bankers Association; David Horn, Attorney General's Office.