

SENATE BILL REPORT

ESSB 5717

As Passed Senate, March 13, 2003

Title: An act relating to possession of instruments or equipment of financial fraud.

Brief Description: Criminalizing possession of instruments or equipment of financial fraud.

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

Brief History:

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

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: That Substitute Senate Bill No. 5717 be substituted therefor, and the substitute bill do pass.

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

Staff: Joanne Conrad (786-7472)

Background: Modern technology allows criminals to produce credible checks, credit cards and identification. While acts committed with these fraudulent documents are already statutory crimes, manufacturing and possession are not. It is believed by many in the law enforcement and corporate security professions that the production and possession of payment instruments and the equipment and software used to produce the instruments of financial fraud should be crimes in their own right.

Summary of Bill: It is unlawful to produce or possess fraudulent payment instruments, or to possess personal identification devices, fictitious identification, or the instruments of financial fraud, such as check-making machines, equipment or software, with criminal intent to use them. Exceptions are made for legitimate business use. Possession and use of another person's identification is a gross misdemeanor, with some exceptions.

Jurisdiction for these crimes is considered to be any locality where the victim resides, or in which any part of the offense takes place, regardless of whether the defendant was ever in the locality.

Unlawful production or possession of payment instruments, and unlawful possession of personal identification devices, fictitious identification, or instruments of financial fraud are criminal profiteering, and subject to the remedies available for Washington State's criminal profiteering act.

Legitimate businesses that obtain an individual's personal identification in the ordinary course of business are exempt.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Financial fraud now pays more than bank robbery. Losses from financial fraud are huge, in some cases exceeding loan losses. Washington has the highest check fraud of 22 states. Retail grocers lose \$2-3 million per year to fraud. This bill will help by criminalizing financial fraud and "sending a message" to criminals that Washington is not a good jurisdiction for crime.

Testimony Against: None.

Testified: Ken Johnson, Bank of America; Holly Chisa, Washington Food Industry; Scott Gaspard, Washington Financial League; Lana Weinman, Attorney General's Office.