

SENATE BILL REPORT

HB 1090

As of April 7, 2015

Title: An act relating to reauthorizing and expanding the financial fraud and identity theft crimes investigation and prosecution program.

Brief Description: Concerning the financial fraud and identity theft crimes investigation and prosecution program.

Sponsors: Representatives Kirby, Jinkins and Rodne; by request of Attorney General.

Brief History: Passed House: 3/04/15, 97-0.

Committee Activity: Law & Justice: 3/30/15, 3/31/15 [DP-WM].

Ways & Means: 4/06/15.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Padden, Chair; O'Ban, Vice Chair; Pedersen, Ranking Minority Member; Darneille, Kohl-Welles, Pearson and Roach.

Staff: Tim Ford (786-7423)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Julie Murray (786-7711)

Background: The Financial Fraud and Identity Theft (FFIT) Crimes Investigation and Prosecution Program was created within the Department of Commerce in 2008, and is set to expire on July 1, 2015. FFIT crimes includes those that involve check fraud, chronic unlawful issuance of bank checks, embezzlement, credit or debit card fraud, identity theft, forgery, counterfeit instruments such as checks or documents, organized counterfeit check rings, and organized identification theft rings.

The FFIT Program consists of two regional FFIT crime task forces: the Central Puget Sound Task Force that includes King and Pierce counties, and the Spokane County Task Force. The task forces include representatives of local law enforcement agencies, county prosecutors, the Office of the Attorney General, financial institutions, and other law enforcement entities. Each task force holds regular meetings to discuss emerging trends and threats of local

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financial fraud and identity theft crimes. The task forces may apply to the Department of Commerce for funds to employ law enforcement, investigation, and prosecutorial staff dedicated to investigating and prosecuting financial fraud and identity theft crimes, focusing on complex regional and multijurisdictional cases.

The FFIT Program is funded through surcharges on Uniform Commercial Code (UCC) filings with the Department of Licensing. The UCC filings include financing statements and other documents evidencing liens against personal property that may be required to be filed in order to perfect a secure interest. The surcharges are \$8 for paper filings, and \$3 for electronic filings. Revenues from these surcharges are deposited into the FFIT Program Account, which may be used only to support the activities of the task forces and the expenses of the Department of Commerce in administering the Program.

Summary of Bill: The expiration date for the FFIT Program is extended to July 1, 2020. The Central Puget Sound Task Force is expanded to include Snohomish County. Surcharges on UCC Program filings are increased from \$8 to \$10 for paper filings, and from \$3 to \$10 for electronic filings.

Appropriation: None.

Fiscal Note: Available. [OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2015.

Staff Summary of Public Testimony (Law & Justice): PRO: Identity theft is a a serious problem in Washington and across the country. There were 13.1 million victims last year. ID theft and credit card fraud have disproportionate effects on vulnerable populations. These crimes do not conform to a single jurisdiction, since the nature of the crime allows thieves to target victims living in different cities and counties, which is why the Legislature established cross-jurisdictional task forces in Washington. The FFIT task forces benefit citizens in every county by focusing on the worst identity thieves in our state. Since creating the FFIT, identity theft complaints in Washington have gone down by 8 percent, and Washington has improved its ranking from fifteenth to twenty-third in the nation, as measured by the Federal Trade Commission. It is critical to reauthorize the task forces.

Persons Testifying (Law & Justice): PRO: Representative Kirby, prime sponsor; Darwin Roberts, Attorney General's Office; Denny Eliason, WA Bankers Assn.; Melinda Young, Peter Lewicki, King County Prosecuting Attorneys Office; Joanie Deutsch, WA Retail Assn.

Persons Signed in to Testify But Not Testifying: No one.

Staff Summary of Public Testimony (Ways & Means): PRO: Identity theft is a growing crime. Retailers support the continuation and expansion of the task forces; they are a good investment. Identity and financial fraud is a particular problem for the older population. The dedicated funding is important to achieving prosecutions. Banks recognize this as a successful program. The financial industry supports a modest increase in the UCC filing fees

to support the expansion of the program. This is a bill to help law enforcement combat identity theft crimes that we cannot prevent on the front end. Identity theft is one of the most difficult cases to prosecute because it is prolific and crosses jurisdictional boundaries. The task forces addresses these issues by combining these cases into one investigation and prosecution effort.

Persons Testifying (Ways & Means): PRO: Joanie Deutsch, WA Retail Assn.; Mary Clogston, American Assn. of Retired Persons WA; Darwin Roberts, Office of the Attorney General; Denny Eliason, WA Bankers Assn., United Financial Lobby; Melinda Young, King County Prosecuting Attorney's Office.

Persons Signed in to Testify But Not Testifying: No one.