

SENATE BILL REPORT

2SHB 1273

As Reported By Senate Committee On:
Financial Institutions & Insurance, February 27, 2008

Title: An act relating to financial fraud.

Brief Description: Authorizing fraud alert networks.

Sponsors: House Committee on Insurance, Financial Services & Consumer Protection (originally sponsored by Representatives Roach, Ericks, Hurst, Kirby, Strow, Newhouse, Simpson, Williams, Haler, O'Brien, Moeller, Pearson, VanDeWege, McCune, Kenney, Rolfes and Morrell).

Brief History: Passed House: 2/13/08, 95-1.

Committee Activity: Financial Institutions & Insurance: 2/26/08, 2/27/08 [DPA].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Benton, Ranking Minority Member; Franklin, Parlette, Prentice and Schoesler.

Staff: Diane Smith (786-7410)

Background: Identity theft occurs when someone uses personal information such as a person's name, social security number, credit card number, or other identifying information without permission to commit fraud or other crimes. Financial fraud and identity theft encompass a broad range of crimes, including bank, mail and wire fraud; technology and computer crimes; credit and debit card fraud; organized identity theft rings; and organized counterfeit check rings.

Summary of Bill: The bill as referred to committee was not considered.

SUMMARY OF BILL (Recommended Amendments): The financial fraud and identity theft crimes investigation and prosecution program is created in the Department of Community, Trade and Economic Development (Department).

Two regional financial fraud and identity theft crime task forces are created. One task force includes King and Pierce counties and the second includes Spokane County.

The Department will appoint members of the task forces to represent local law enforcement, county prosecuting attorneys, and financial institutions. A representative of the Attorney General must also be a member of each task force. The task forces are to: (1) hold regular

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meetings to discuss emerging trends and threats of local financial fraud and identity theft crimes; (2) set priorities for the activities of the task forces; (3) apply to the Department for funding to hire prosecutors and law enforcement personnel dedicated to investigating and prosecuting financial fraud and identity theft crimes; (4) establish outcome-based performance measures; and (5) report twice annually to the Department on the activities of the task force.

The bill expires on July 1, 2015.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony on Recommended Amendments: PRO: It is expensive to reclaim your identity. It is good to create visibility for these crimes and to protect people's identities. Consumers should be on the task forces and Clark County should also be included. Financial fraud is a great financial burden on financial institutions, as well as those institutions' customers. Financial crimes display increased sophistication and organization. We need better coordination of resources to address this. This striking amendment embodies the recommendations of a working group that met this summer. The two pilot task forces share information about these crimes and the resources needed to combat them. These include dedicated law enforcement and prosecutorial staff. There is \$500,000 set aside for this biennium for this program. A House omnibus funding bill is contemplated to contain the other half of funding, derived from filing fees that banks make to secure lien rights on certain personal property. This bill is necessary to run complimentary with the fee aspects and to move with immediacy to combat these crimes. We are for the original bill that has liability-limiting language to help the retailers' fraud alert network.

Persons Testifying: PRO: Amy Fortier, consumer; Denny Eliason, Washington Bankers Association; Vicky Marin, Washington Retail Association.