Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program

Washington State Department of Commerce

Performance and recommendations pursuant to RCW 43.330.300(1)(c)

OFFICE OF FIREARM SAFETY AND VIOLENCE PREVENTION / COMMUNITY SAFETY UNIT

April 2025

Report to the Legislature

Director Joe Nguyễn

v3.4

Acknowledgments

Washington State Department of Commerce
Cindy Guertin-Anderson, Assistant Director of Community Services Division

Dave Pringle, Legislative and Policy Director

Greater Puget Sound Financial Fraud and Identity Theft Task Force
Mitch Mondala, Task Force Co-Chair, Boeing Employees Credit Union

Patrick Hinds, Task Force Co-Chair, Senior Deputy Prosecuting Attorney, King County Prosecuting Attorney's Office

Spokane County Financial Fraud and Identity Theft Task Force
Khris Thompson, Task Force Chair, Undersheriff, Spokane County Sheriff's Office

Washington State Department of Commerce
Kathleen Harvey, Managing Director

Office of Firearm Safety and Violence Prevention/Community Safety Unit
Kathleen.harvey@commerce.wa.gov

1011 Plum St. SE
P.O. Box 42525
Olympia, WA 98504-2525

www.commerce.wa.gov

For people with disabilities, this report is available on request in other formats. To submit a request, please call 360-725-4000 (TTY 360-586-0772)

Table of Contents

Executive summary **4**

Recommendations **5**

Statewide trends **6**

Program revenue and funding allocation **7**

Task force goals and performance **9**

Recommendations **12**

Appendix A: Task force members **14**

Executive summary

Overview

The Legislature created the Financial Fraud and Identity Theft (FFIT) Crimes Investigation and Prosecution Program in the Department of Commerce (Commerce) in 2008. The program strengthens cooperation between law enforcement and financial industry investigators. It increases the capacity to respond to financial fraud and identity theft crimes. This report meets the statutory requirements in RCW 43.330.300(1)(c):

> By December 31st of each year submit a report to the appropriate committees of the legislature and the governor regarding the progress of the program and task forces. The report must include information regarding the use of funds and funding needs to facilitate a biennial review of the program's funding. The report must also include recommendations on changes to the program, including expansion.

The FFIT program is funded through the financial fraud and identity theft crimes investigation and prosecution account created in RCW 43.330.300(3). Revenue to the account may include appropriations, revenues generated by the surcharge imposed in RCW 62A.9A-525, federal funds, and any other gifts or grants. Expenditures from the account may be used only to support the activities of the financial fraud and identity theft crime investigation and prosecution task forces and the program administrative expenses of the department, which may not exceed 10% of the amount appropriated. The program is currently scheduled to sunset on July 1, 2030.

Financial fraud and identity theft crimes are defined in RCW 43.330.300(4) as "check fraud, chronic unlawful issuance of bank checks, embezzlement, credit/debit card fraud, identity theft, forgery, counterfeit instruments such as checks or documents, organized counterfeit check rings, and organized identification theft rings."

As directed in the statute, Commerce supports two regional FFIT task forces comprising the state's four largest counties: the Greater Puget Sound Task Force, including King, Snohomish and Pierce counties, and the Spokane County Task Force. These task forces consist of representatives from the Attorney General's office, county prosecutors' offices, law enforcement agencies and financial institutions.

Key findings

State fiscal year 2023 (July 1, 2023 - June 30, 2024)

- 2,298 investigations conducted (419 more than the previous fiscal year)
- 227 cases charged (29 more than the previous fiscal year)
- 681 counts charged (88 more than the previous fiscal year)
- 534 convictions (351 more than the previous fiscal year)
- Task forces are identifying and prosecuting significantly more sophisticated multi-person criminal organizations spanning multiple jurisdictions

Cumulative findings in fiscal years 2011-2024

The FFIT task forces report performance quarterly to Commerce. In the years of active investigatory work (2011 through 2024), the task forces have:

- Conducted 17,376 investigations
- Charged 6,944 cases
- Charged 19,482 counts
- Obtained 6,583 convictions

Recommendations

The task forces provided the following recommendations to the Legislature. (need to verify)

- Elevate non-financially motivated identity theft to a first-degree charge
- Create penalty enhancements when a victim is a vulnerable individual
- Base the financial threshold for first-degree identity theft on the amount the suspect attempted to obtain
- Make possession of a skimming device a felony
- Take prior identify theft convictions into account in determining subsequent charges.
- Elevate the charge when identity thieves steal multiple victims' identities.

Statewide trends

State-level data on identity theft and fraud

The Washington Association of Sheriffs and Police Chiefs (WASPC) 2023 Crime in Washington Report indicated that in 2023, 23,174 fraud offenses were reported throughout the state.[1] Identity Theft and Swindle/Con Games totaled 13,875 offenses or 59.8% of all financial crimes in Washington. According to the report, in 2023 Credit Card/ATM fraud, impersonation, wire fraud, hacking/computer/invasion and welfare fraud comprised 9,299 or 40.1% of financial crimes in Washington. Juveniles were responsible for 1.6% of fraud cases.

Where Washington fit among national trends

According to the Federal Trade Commission's (FTC) Consumer Sentinel Network Data Book 2023,[2] 5.39 million cases of reported financial fraud were reported in 2023. The top three categories of financial fraud include identity theft (19.23%), imposter scams and credit bureaus (15.84%), and information furnishers and report users (13.20%), resulting in 5.4 million reports of fraud reports with $10 billion in losses.

In 2023, nationally, identity theft cases totaled 1 million. Imposter scams accounted for more than 853,935 cases, costing $2.6 million. Based on the Federal Trade Commission's Consumer Sentinel Network 2023 annual report, the 2023 data indicated this is how Washington ranked compared to other states:

- Washington ranks 30th with 165 identity theft reports per 100,000 people, totaling 12,582 reports.
- Washington ranks 20th with 1,009 fraud and other reports per 100,000 people, totaling 76,832 reports.
- Total fraud losses are $247.5 million or $500 median loss per person.

Other national data points include:

- Younger people reported losing money to fraud more often than older people. Those aged 20-29 reported losing money in 44% of reports to the FTC. When people aged 70+ had a loss, the median loss was much higher, from $803 to $1,450.
- One in five people lost money in imposter scams, with a median loss of $800 per person, totaling $2.668 billion in losses. Credit card account fraud decreased 7% from the previous year. Government benefit fraud has increased by 82% from 2022- 2023.
- Active duty military personnel and retirees reported more than 93,735 fraud complaints, including 42,766 imposter scams that cost them more than $477 million in losses. The median loss is $599 per incident.

[1] Crime in Washington 2023-compressed.pdf (waspc.org)
[2] CSN Annual Data Book 2023

Program revenue and funding allocation

The state's FFIT task forces use these funds to support law enforcement investigations, forensic analysis and prosecutorial staff dedicated to financial fraud and identity theft cases.

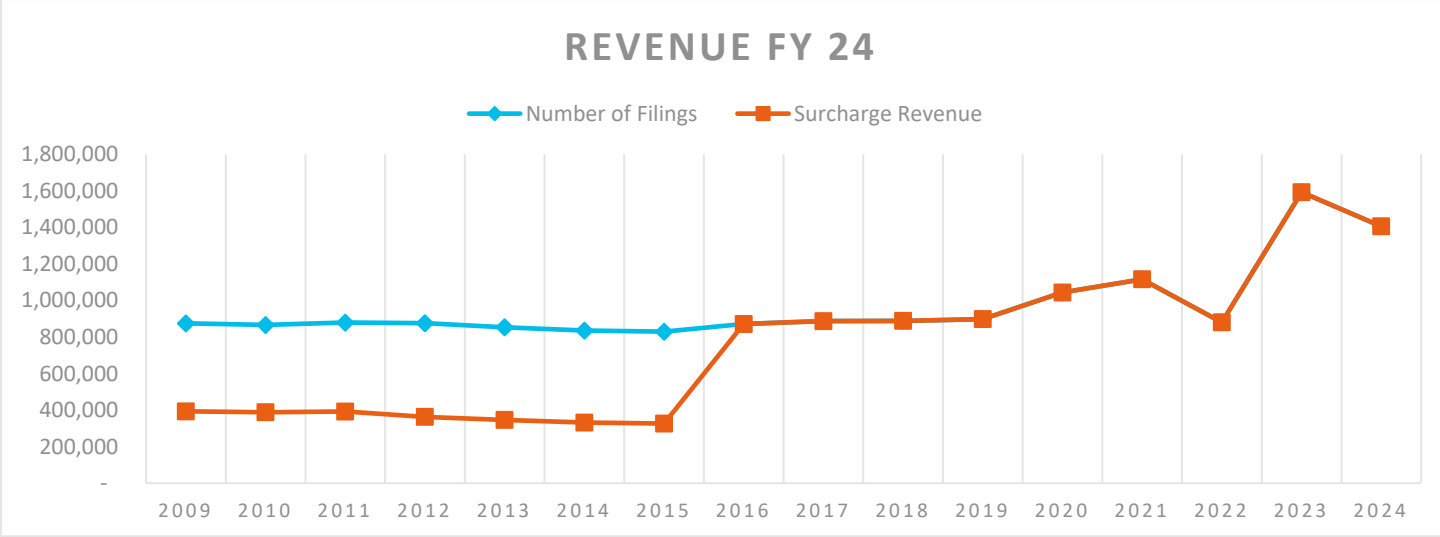
Currently, all funds for the FFIT program are drawn from fees on Uniform Commercial Code Financing Statement filings, also known as UCC-1 filings. The Department of Licensing collects the fees as surcharges on personal and corporate UCC-1 filings. Collected funds are transferred to Commerce monthly for the exclusive support of the activities of the FFIT program.

History of UCC-1 fee collection

Fees collection began when the FFIT program was created in 2008. After accumulating fees for a year, the task forces spent two years organizing, hiring and training staff before becoming operational. The three-year ramp-up period explains why revenue collection began in 2008, and investigation and prosecution data began in 2011.

When the Legislature reauthorized the FFIT Program in 2015, UCC-1 fees were raised to $10. When the program was reauthorized again in 2020, UCC-1 fees were increased to $15, beginning July 1, 2021. Collecting the new $15 surcharge began in November 2021. The chart below explains the fillings and UCC revenue collected from 2008-2024. For SFY 24, the state reported 93,709 filings and collected $1.4 million in UCC fees to support the FFIT Program.

Figure 2: Uniform Commercial Code-1 filings and revenue, SFY 2008 - 2024

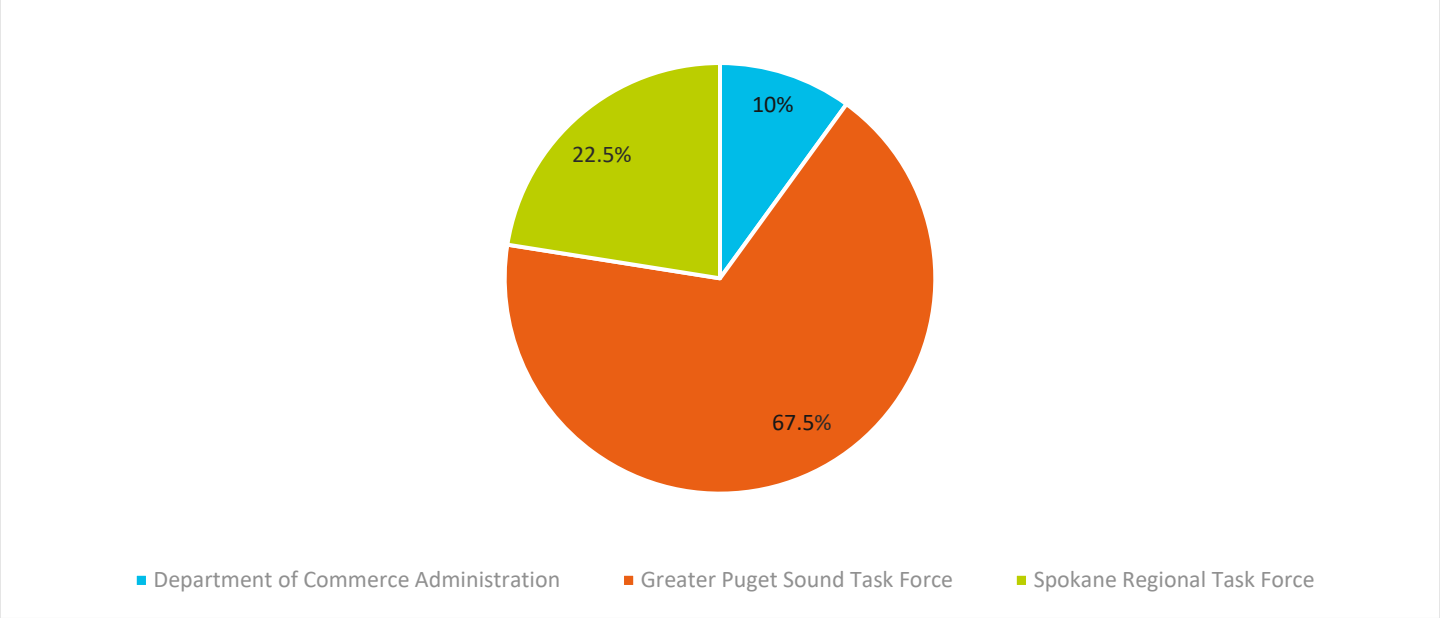


Source: Washington State Department of Licensing Monthly UCC-1 Surcharge Reports

Program revenue allocation

Commerce retains 10% of FFIT program revenue for administration. The remaining funds are divided between the task forces in a manner agreed upon by the program partners and Commerce. The Greater Puget Sound Task Force includes three counties (King, Pierce and Snohomish). The Spokane County Task Force includes only Spokane County, resulting in a 3-to-1 ratio between the two task forces. After the 10% for administration, 67.5% of program funding is allocated to the Greater Puget Sound Task Force, and 22.5% is allocated to the Spokane County Task Force. Figure 3 shows the allocation of the total funding.

Figure 3: Program revenue allocation



Source: Department of Commerce

Task force goals and performance

The FFIT task forces submit quarterly performance reports to Commerce and follow up with two semi-annual narrative reports of ongoing operational successes and accomplishments. These reports describe the planning and staffing of investigations, apprehension of suspects, prosecution of financial fraud and identity theft crimes, and new and best practices.

Statewide performance goals

Statewide, the performance goal of the task forces is to achieve 92 convictions per quarter. Since establishing this performance measure in 2011, the task forces have achieved an average of 116 convictions each quarter over 52 quarters, with 6,583 individuals convicted.

This data shows the task forces significantly exceed the original performance goal.

Task force performance

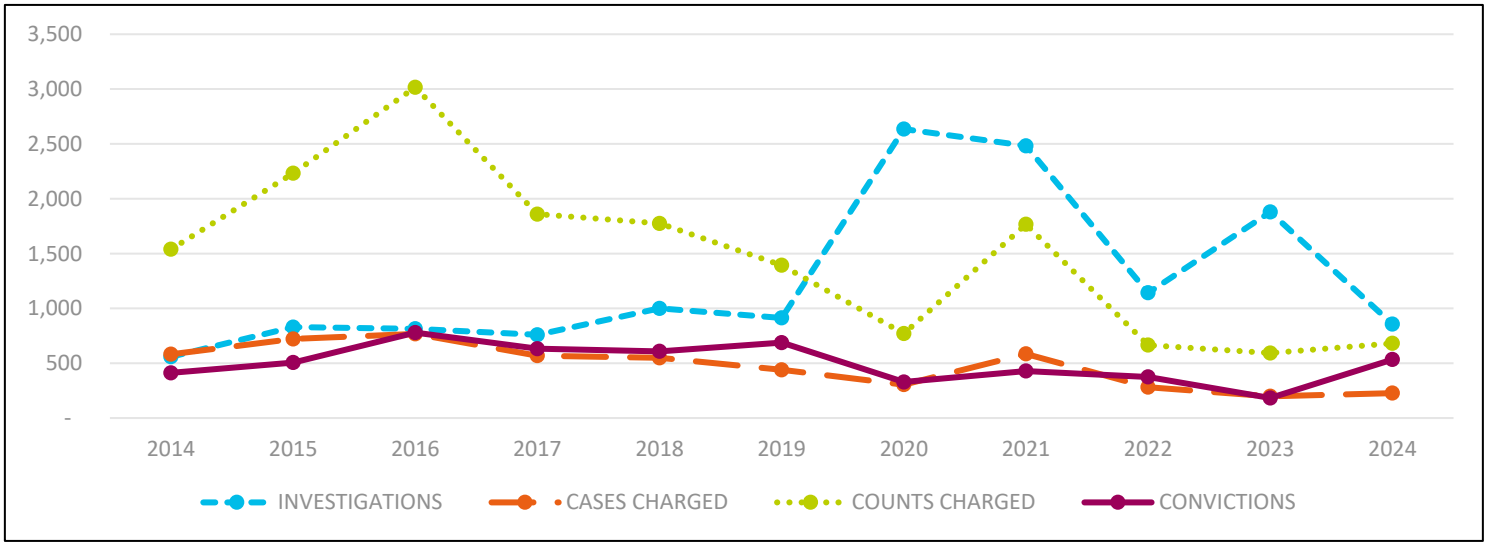
The FFIT task forces continue to improve at identifying, arresting and prosecuting individuals and groups engaged in the criminal enterprise of financial fraud and identity theft. Each year, both task forces have incrementally increased the scope of their investigations, pursuing larger and more complex criminal enterprises.

In fiscal year 2024, the FFIT task forces produced a combined:

- 2,298 investigations
- 227 cases charged
- 681 counts charged
- 534 convictions

Combined task force performance from state fiscal years 2014 through 2024 is presented in Figure 4.

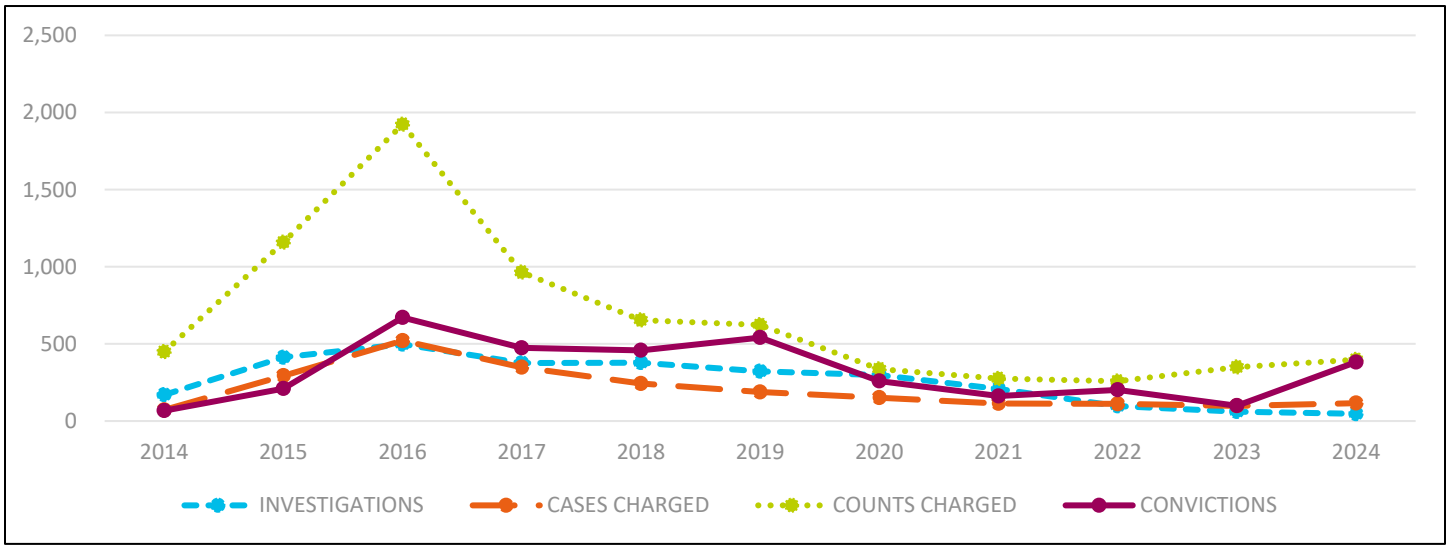
Figure 4: Statewide FFIT Task Force performance, SFY 2014-2024



Source: FFIT Task Force Quarterly Reports

During state fiscal year 2024, the Greater Puget Sound Task Force conducted 47 investigations, prosecuted 116 cases involving 398 counts, and obtained 382 convictions. Pierce and Snohomish County do not report investigation numbers as they do not have dedicated investigators assigned to the task force. Pierce and Snohomish County only report when the prosecutor's office charges cases in those counties.

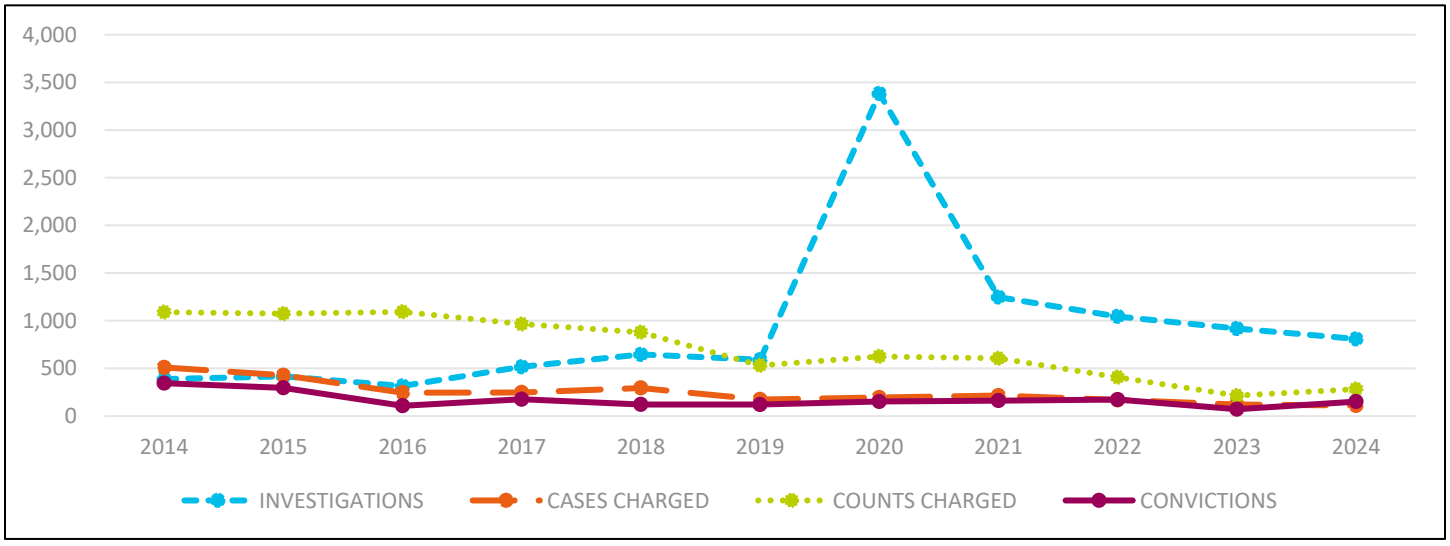
Figure 5: Greater Puget Sound FFIT Task Force performance, SFY 2014 – 2024



Source: Greater Puget Sound Task Force Quarterly Reports

During state fiscal year 2024, the Spokane County Task Force conducted 809 investigations, prosecuted 111 cases involving 283 counts, and obtained 152 convictions.

Figure 6: Spokane County FFIT Task Force performance, SFY 2014-2024



Source: Spokane County FFIT Task Force Quarterly Reports

Note on change in data collection for counts charged

In 2017, prosecutors began reporting all counts-charged data. Previously, law enforcement reported some of the counts-charged data. Because prosecutors do not always prosecute every offense identified by law enforcement, this change resulted in more accurate data beginning in state fiscal year 2017. It also accounts for the reduced number of counts charged for both task forces in 2017 (Figures 5 and 6).

Recommendations

FFIT task forces developed the following recommendations to strengthen law enforcement and criminal justice response to financial fraud and identity theft crimes.

Elevate non-financially motivated identity theft to a first-degree charge

The FFIT task forces recommend establishing a first-degree offense for identity theft motivated by the intent to avoid apprehension by law enforcement. This new definition for Identity Theft in the First Degree would be a Class B felony. Currently, this crime is charged as Identity Theft in the Second Degree, which is a Class C felony, under RCW 9.35.020. An increased penalty for this charge should deter individuals from using stolen identities to avoid arrest for other, more serious crimes.

A suspect will sometimes give an identity theft victim's name to police to avoid arrest. Unless law enforcement books the suspect into jail where fingerprints can confirm identity, the victim – rather than the suspect – may receive a criminal citation. This deception could result in an arrest warrant, creating a criminal history for the victim of identity theft. However, so long as the "loss" is less than $1,500, only a charge of Identity Theft in the Second Degree under RCW 9.35.020 is currently allowable for suspects charged with this type of crime.

Create penalty enhancements when a victim is a vulnerable individual

The task forces recommend the Legislature create penalty enhancements that may be added for financial fraud and identity theft crimes when the victim is a senior or vulnerable individual.

For a number of reasons—including aging brains, declines in cognitive functioning, and other physiological and societal factors—older adults are often highly susceptible to scams and frauds. In addition, research has consistently shown that seniors are both more likely to be targets of financial fraud and identity theft, and that the consequences of victimization are more severe for them than for younger adults.

The Legislature has taken some steps to address these issues. For example, the victim's advanced age or vulnerability is taken into account in the seriousness level of certain crimes (e.g., Theft from a Vulnerable Adult in the First Degree in violation of RCW 9A.56.400 has a higher seriousness level than Theft in the First Degree in violation of RCW 9A.56.030). In addition, under RCW 9.94A.535(3)(b), a court has the discretion to impose an exceptional sentence above the standard range for a felony if it is proven that the accused knew or should have known that the victim was particularly vulnerable. However, gaps in the statutory framework still result in situations where defendants who knowingly target seniors or vulnerable individuals are not appropriately sanctioned for their actions. For example, under RCW 9.35.020(2), an act of identity theft is elevated to Identity Theft in the First Degree when the accused either knowingly targets a senior or vulnerable adult or obtains something of more than $1,500 in value. However, a defendant who does both—steals more than $1,500 from a person who is a senior or vulnerable individual through identity theft—faces no higher sanction than a defendant who only does one or the other. Further, with the exception of the crime of Identity Theft in the First Degree, the current statutory framework gives prosecutors little ability to bring more serious charges or seek higher sanctions against offenders who knowingly target seniors who are not necessarily "vulnerable" as defined by statute.

With these concerns in mind, the task forces recommend that the Legislature create additional penalty enhancements that may be added to financial fraud and identity theft crimes when the victim is a senior or vulnerable adult. Such enhancements would give prosecutors and courts greater flexibility to appropriately charge and sentence those who target and prey on senior or vulnerable individuals.

Base the financial threshold for first-degree identity theft on the amount the suspect attempted to obtain

The task forces recommend the Legislature change the financial threshold for Identity Theft in the First Degree. The current threshold is "credit, money, goods, services, or anything else of value in excess of $1,500 obtained from identity theft." The task forces recommend changing the first-degree charge to be based on what the defendant attempted to obtain by misusing the victim's identity rather than what they obtained.

A defendant who uses a stolen identity to attempt an unsuccessful high-dollar value crime can only be charged with Identity Theft in the Second Degree. Basing the level of identity theft on the amount the defendant attempted to obtain rather than on the amount the defendant obtained avoids rewarding suspects who use stolen identities to attempt to commit the most serious crimes and are unsuccessful only because they are caught or because their plans otherwise fail.

Make possession of a skimming device a felony

The task forces recommend making possession of a skimming device with criminal intent to commit identity theft a felony under RCW 9.35.020. This statutory change will strengthen prosecutorial tools in all jurisdictions in Washington. Increasingly, skimming is a problem in identity theft cases. Skimming devices allow people to obtain financial and personal information directly from credit and debit card magnetic stripes. There are legitimate reasons to use skimmers, such as when small businesses use such devices on mobile phones to sell goods and services. However, identity thieves use skimming devices and card re-encoders to retrieve an individual's financial information to make counterfeit credit cards. The only charge available for possessing a skimmer with intent to commit a crime is Attempted Identity Theft in the Second Degree, a gross misdemeanor. The task forces believe this is an inadequate charge for such a sophisticated crime.

Take Prior Identity Theft Convictions Into Account In Determining Subsequent Charges

The Task Force recommends making any identity theft chargeable as Identity Theft in the First Degree if the defendant has already been convicted twice or more for identity theft in the past seven years.

Elevate The Charge When Identity Thieves Steal Multiple Victims' Identities

The Task Force recommends making the possession of more than five separate identities while committing identity theft chargeable as Identity Theft in the First Degree under RCW 9.35.020: Identity theft. The increased penalty for this charge may deter individuals from obtaining and using the identities of large numbers of victims in ways that are currently under penalized entities.

Appendix A: Task force members

Table 1: Greater Puget Sound FFIT Task Force members

Entity	Representative
King County Prosecuting Attorney's Office	Patrick Hinds, senior deputy prosecuting attorney, GPS-FFIT executive board co-chair, grantee representative
King County Prosecuting Attorney's Office	Margo Marin, deputy prosecuting attorney
Boeing Employees Credit Union	Mitch Mondala, BECU Security - Financial Crimes Unit, GPS-FFIT executive board co-chair
Redmond Police Department	Martin Fuller, lieutenant
Redmond Police Department	Nicole Perry, analyst
Pierce County Sheriff's Office	Doug Shook, sergeant
Pierce County Sheriff's Office	Bill Foster, detective
Pierce County Prosecuting Attorney's Office	Brook Burbank, deputy prosecuting attorney/assistant chief criminal deputy
Pierce County Prosecuting Attorney's Office	Matt Thomas, deputy prosecuting attorney
Columbia Bank	John Fick, vice president/fraud investigations unit manager
Snohomish County Prosecuting Attorney's Office	Michael Held, deputy prosecuting attorney/chief of staff
Snohomish County Prosecuting Attorney's Office	Hall Hupp, deputy prosecuting attorney
Sound Credit Union	Angie May, senior fraud investigator, GPS-FFIT executive board secretary
Washington State Attorney General's Office	Marko Hananel assistant attorney general
JP Morgan Chase	Barbara VanArshall, JPMC Security - National Vulnerable Adult Investigations
Bank of America	Tim Whitesitt, vice president/senior investigator
King County Sheriff's Office	Jon Mattsen, major
King County Sheriff's Office	Robin Fry, detective
United States Attorney's Office	Vacant (TBD)
Federal law enforcement	Vacant (TBD)
Salal Credit Union	John Fick, fraud manager

Table 2: Spokane County FFIT Task Force members

Entity	Representative
Spokane County Sheriff's Office	Khris Thompson, undersheriff
Spokane Police Department	Tracie Meidl, captain
Spokane County Prosecuting Attorney's Office	Katie McNulty, deputy prosecuting attorney
Numerica Credit Union	Roger Fitzpatrick, legal/compliance manager
Cheney Police Department	Rick Beghtol, chief
Washington State Attorney General's Office	Lisa Jangaard, investigator/analyst
Small towns and cities Representative	Vacant (TBD)