



Department of Commerce
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Financial Fraud and Identity Theft Investigation and Prosecution Program

Progress Report on Task Force and Recommendations (RCW 43.330.300)

December 2015
Report to the Legislature
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Acknowledgements

Washington State Department of Commerce

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Executive Summary

Overview

Since 2008, the Financial Fraud and Identity Theft Crime Investigation and Prosecution Program (FFIT) has brought state, county, and local law enforcement together with financial industry investigators to reduce financial fraud and identity theft in Washington State. Financial fraud and identity theft crimes are defined in [RCW 43.330.300](#) 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. This report meets the statutory requirements in RCW 43.330.300 for an annual FFIT progress report to the Legislature.

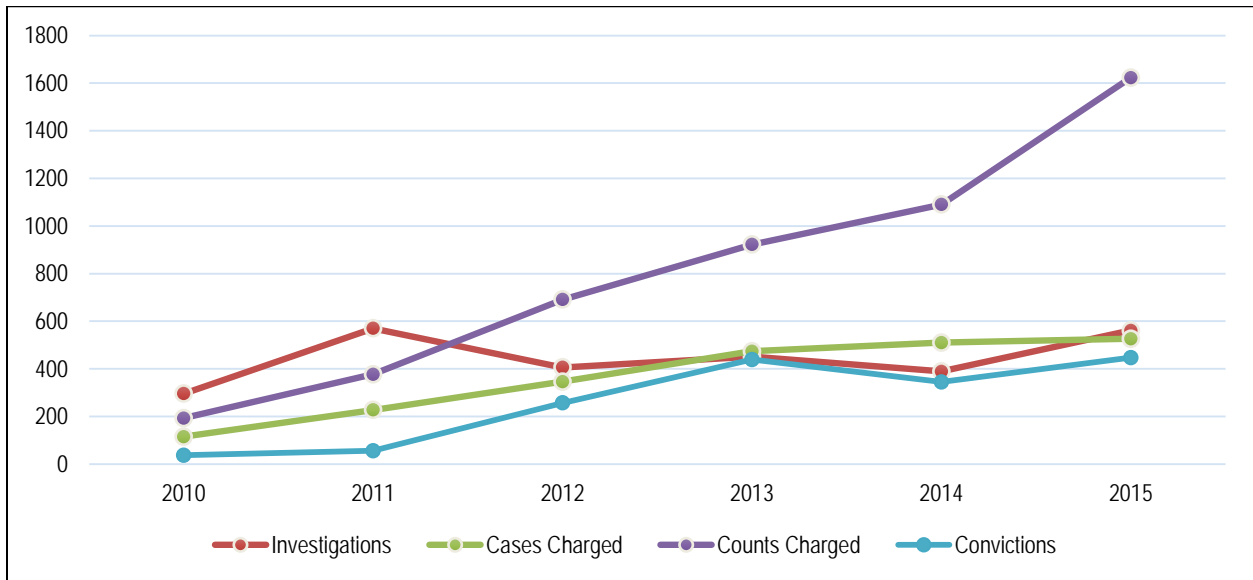
The Greater Puget Sound Task Force focuses on large, complex, multi-jurisdictional cases involving multiple suspects and large financial organizations. The Spokane Task Force operates in a more dispersed environment where there are different criminal opportunities. In both task forces, grant funds are directed towards law enforcement investigation and prosecutorial staff dedicated to cases generated by their investigations. These efforts strengthen interagency cooperation and local capacity to respond to financial fraud and identity theft crimes.

Commerce administers the FFIT program, which is funded entirely through the collections of fees self-imposed by the business community on Uniform Commercial Code (UCC) filings statewide. UCC filings are collected and deposited to the FFIT account by the state Department of Licensing. [SB1090](#), passed during the 2014-15 legislative session, increased the three categories of fees to \$10 each per filing, and extended the FFIT program expiration date to July 1, 2020.

Key Findings

- There were 561 investigations conducted between July 1, 2014 and June 30, 2015 (State Fiscal Year 2015 or SFY 2015), a 6 percent increase compared to investigations in the previous period.
- The task forces charged 526 cases involving 1,623 counts – 35 more cases than the previous year.
- There were 447 convictions compared to 401 in the previous year, an increase of 46 (11 percent).
- Task forces report in calendar year quarters, in line with their fiscal periods. In their six years of active investigative operations (2010 through 2015), FFIT has conducted 3,826 investigations resulting in 3,080 cases producing 8,374 charges, culminating in 2,035 convictions.

Figure 1: Statewide FFIT Performance from 2010 through 2015



Source: FFIT Task Force Quarterly Reports

Recommendations

Commerce Recommendations

Commerce recommends that we develop and implement an improved performance review process to include any new activities and operations resulting from the addition of Snohomish County to the Greater Puget Sound Task Force in 2016.

Task Force Recommendations

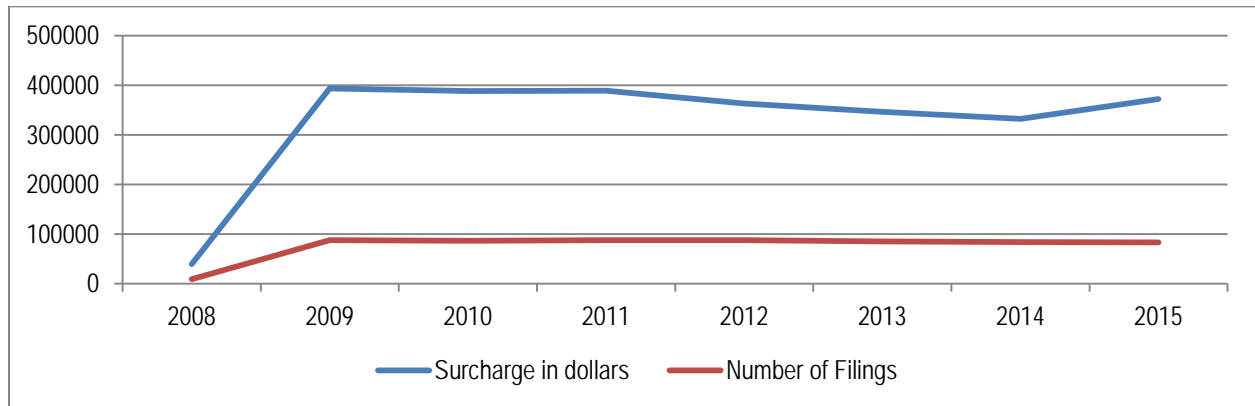
The task forces do not have recommendations for this legislative session. Task forces will plan for and implement changes approved in the 2015 session. Going forward, recommendations will be provided as deemed appropriate.

Task Force Program Outcomes

Financial Fraud and Identity Theft Program Surcharge Transfers

Funds are collected by the Department of Licensing from surcharges on personal and corporate UCC-1 filings. Licensing transfers collections monthly to Commerce for exclusive support of the activities of the FFIT program.

Figure 2: Uniform Commercial Code-1 Collections SFY 2008 through 2015

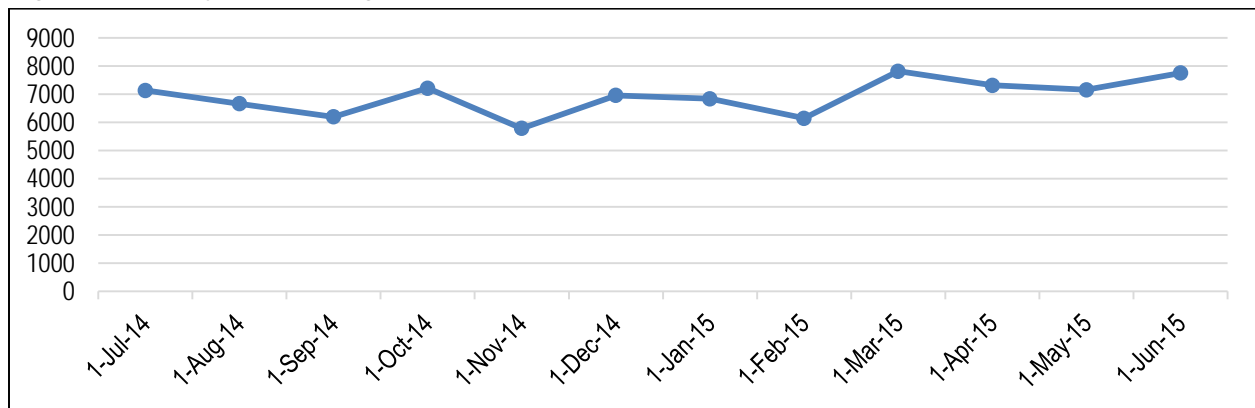


Source: DOL Monthly UCC-1 Surcharge Reports

When UCC-1 collections began in August 2008, the FFIT program had three UCC surcharge fees: \$8 for paper filings; \$3 for individual web-based filings, and; \$3 for batch web-based filings. The program saved collections for a year in order to fund the task forces, which spent the first two years in organizing, hiring, and training staff before becoming operational.

Beginning July 1, 2015, all fees are charged at \$10 for each type filing. From July 2014 through June 2015, Licensing reported 82,926 UCC filings resulting in \$372,084 in surcharge fees that were transferred to Commerce for the FFIT program in SFY 2015.

Figure 3: Monthly UCC-1 Filings for SFY 2015



Source: Washington State Department of Licensing

Financial Fraud and Identity Theft Task Force Program Performance

The FFIT program is required to report on activity performance and new methods of cooperation and best practices for criminal investigations that emerge as a direct result of task force operations. Commerce receives both quarterly and semi-annual performance reports from the task forces. These reports detail how the task forces plan and staff investigations; apprehension and prosecution of financial fraud and identity theft crimes; and new and best practices implemented.

The task forces continue to make inroads in better 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, going after larger and more complex criminal enterprises.

The two task forces operate in vastly different regions of the state, experiencing a wide variety of financial fraud and identity theft activity in all sectors of the business and financial markets. The following charts and graphs depict quarterly results of the enforcement work done by each task force. In the criminal justice system, law enforcement investigations are half of the process of bringing criminal enterprises to justice. Prosecution and sentencing are the culmination of that process and constitute a measurable outcome for the program.

The statewide target for performance outcomes of the task forces is 92 convictions per quarter. Over the five calendar years since establishing this performance measure in 2011, the task forces have achieved 1,774 convictions for an average of 127 convictions during the 14 quarters reported.

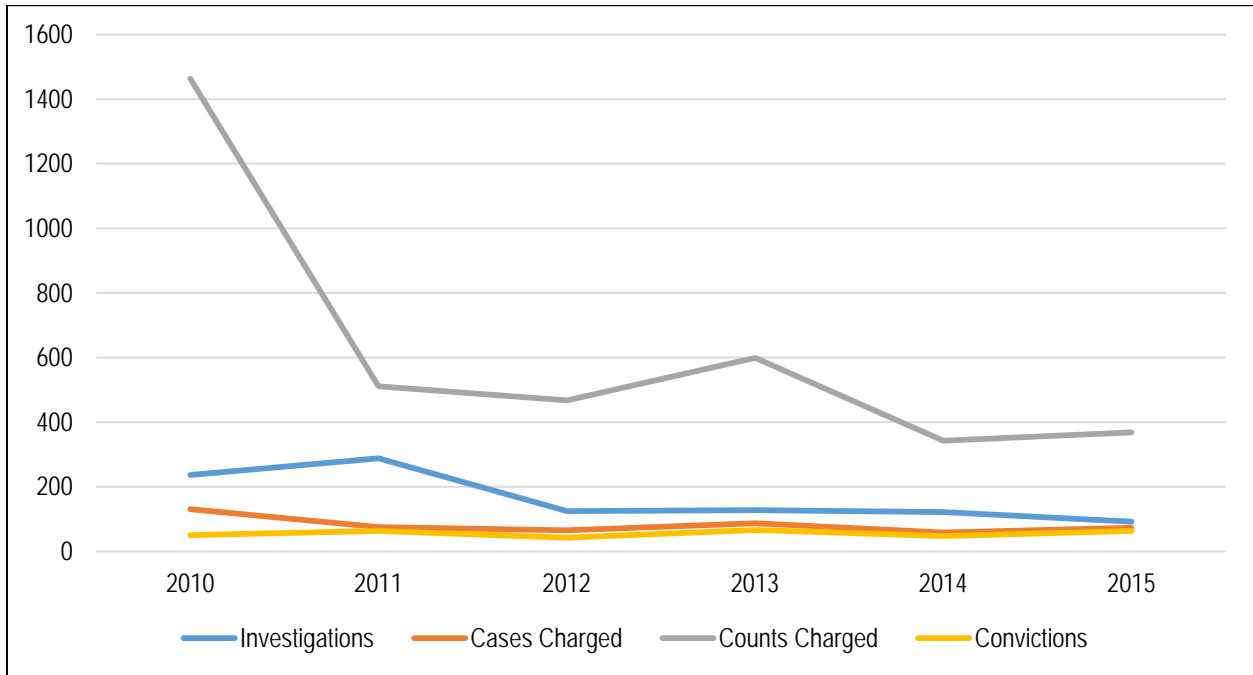
Greater Puget Sound Task Force

The Greater Puget Sound Task Force investigated fewer cases with greater impact in the number and nature of criminals prosecuted per case. During SFY 2015, the Greater Puget Sound task force conducted 145 investigations, charged 98 cases involving 549 counts, and received 51 convictions on cases prosecuted. These activities are compared by year in Figure 4.

Spokane County Task Force

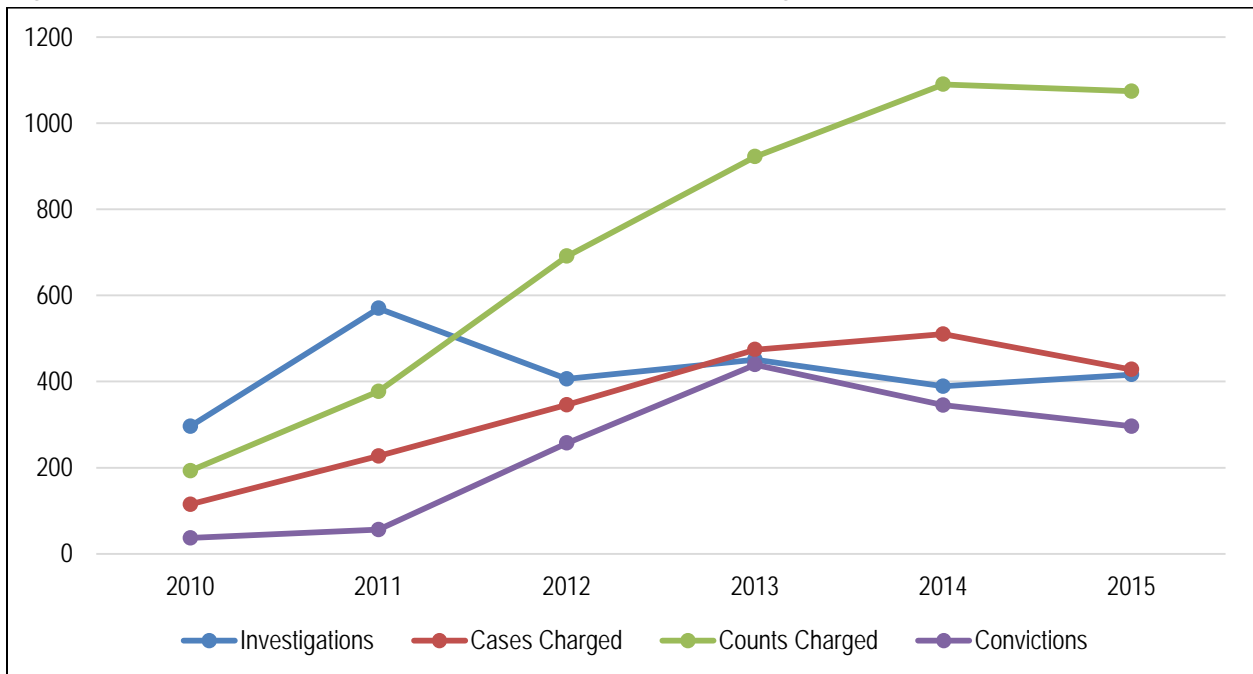
During SFY 2015, the Spokane County task force conducted 416 investigations, made arrests in 528 cases involving 1,074 counts, and received 296 convictions on cases prosecuted. Spokane continues to increase its case numbers and successful prosecutions. The quarterly results are shown in Figure 5.

Figure 4: Greater Puget Sound Task Force Performance by Calendar Year¹ from 2010 through 2015



Source: Greater Puget Sound FFIT Task Force Quarterly Reports

Figure 5: Spokane Area Task Force Performance SFY 2010 through 2015



Source: Spokane Area FFIT Task Force Quarterly Reports

¹ Calendar year data is presented for this chart because State Fiscal Year data for the Greater Puget Sound Task Force is unavailable at this time; data for 2015 is therefore incomplete.