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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 2013  
Report to the Legislature  
Brian Bonlender, Director

## Acknowledgements

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# Introduction

## **Overview**

The Financial Fraud and Identity Theft Crime Investigation and Prosecution Program (FFIT) was created to convene state, county, and local law enforcement personnel with financial industry investigators to reduce financial fraud and identity theft in Washington State. Investigation, arrest, and prosecution of financial fraud and identity theft crimes are the activities and responsibilities of two FFIT task forces, as defined in [RCW 43.330.300](#).

The Washington State Department of Commerce (Commerce) established the program in June of 2008, and in August 2009 executed the first contracts for the task forces' operations. The Greater Puget Sound FFIT Task Force and the Spokane County FFIT Task Force consist of representatives of local law enforcement, county prosecutors, representatives from the Office of the Attorney General, financial institutions, and other state, local and federal law enforcement.

Each task force focuses on complex regional and multijurisdictional financial fraud and identity theft cases involving multiple suspects or large, widespread fraudulent financial transactions. These larger criminal enterprises and high-impact offenders operate across jurisdictions and cannot always be pursued with individual law enforcement agency resources.

The task forces employ law enforcement, investigation, and prosecutorial staff dedicated to financial fraud and identity theft cases, and are tasked to develop new methods of cooperation and best practices for this growing field of criminal investigation.

Task forces are funded through collection of surcharges on Uniform Commercial Code (UCC) fees. Collections are deposited into the state's treasury through the Department of Licensing's special UCC-1 Account and transferred monthly to Commerce for the FFIT program.

The FFIT program will expire on July 1, 2015.

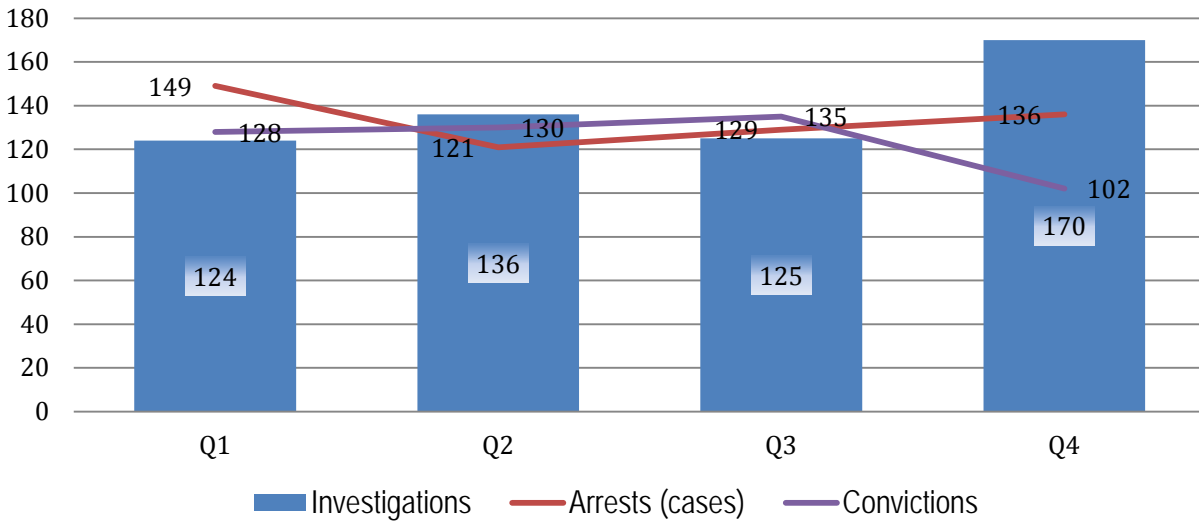
## **Highlights**

The success of FFIT task forces in reducing financial fraud and identity theft crimes is measured by the number of investigations, arrests, and convictions resulting from the prosecution of cases. FFIT task forces target the top offenders by using an intelligence-led model of investigation and prosecution supported by investigative analysis and prosecutorial resources.

During SFY 2013, the task forces continued to lead the state's efforts to combat economic crime, spearheading significant prosecutions and innovative, comprehensive enforcement

initiatives in numerous areas. Statewide, the task forces conducted 555 investigations, made arrests in 535 cases involving 1,392 counts, and received 495 convictions on cases prosecuted.

Figure 1: Statewide FFIT Task Force Performance – SFY 2013



In addition, the Greater Puget Sound FFIT Task Force conducted a statewide conference, training more than 300 participants on topics such as elder exploitation, skimming, tax fraud and computer forensics. The conference, sponsored by the State Attorney General’s Office for law enforcement and financial institutions, was held at the Tacoma Convention Center.

**Recommendations**

Commerce does not recommend changes to the Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program for SFY 2014.

The Greater Puget Sound FFIT Task Force and the Spokane County FFIT Task Force did not provide recommendations to Commerce. However, the Greater Puget Sound FFIT Task Force may suggest alternative funding sources for the program to the 2014 Legislature.

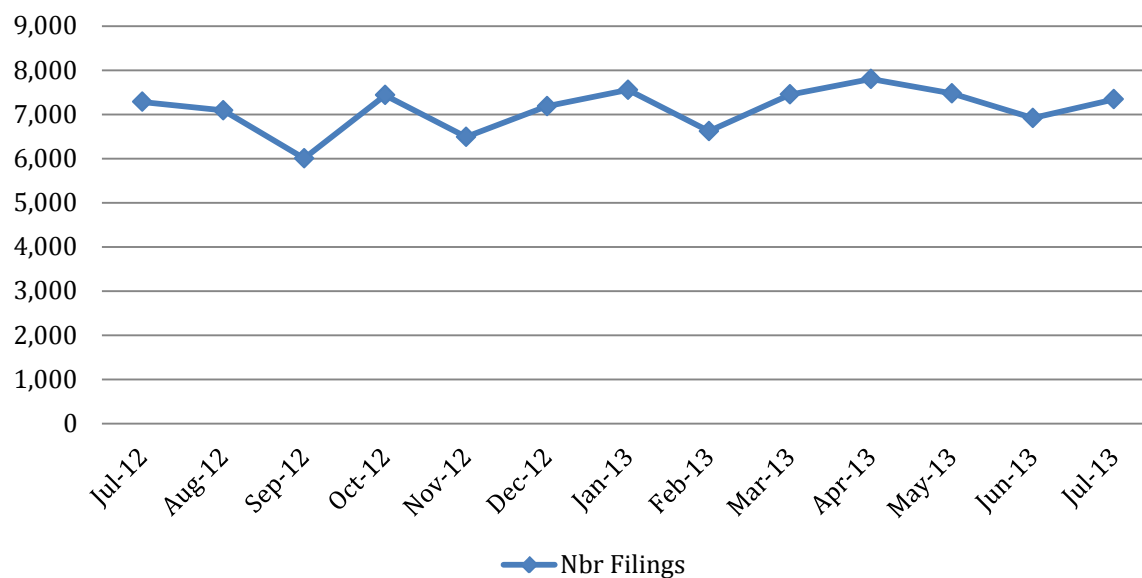
## Task Force Program Progress

### Surcharge Collections

Funding for FFIT comes from surcharges on personal and corporate Uniform Commercial Code (UCC) filings pledged as collateral for loans. Collections are deposited into the state's treasury through the Department of Licensing's special UCC-1 Account and transferred monthly to Commerce for the FFIT program.

There are three UCC surcharge fees: \$8 for paper (PPR) filings; \$3 for individual web-based (WEB) filings, and; \$3 for batch Web-based (XML) filings. In the contract period (July 2012 through June 2013), DOL reported 92,643 UCC filings resulting in \$377,474 in surcharge fees that were transferred to Commerce for the SFY 2013 FFIT program.

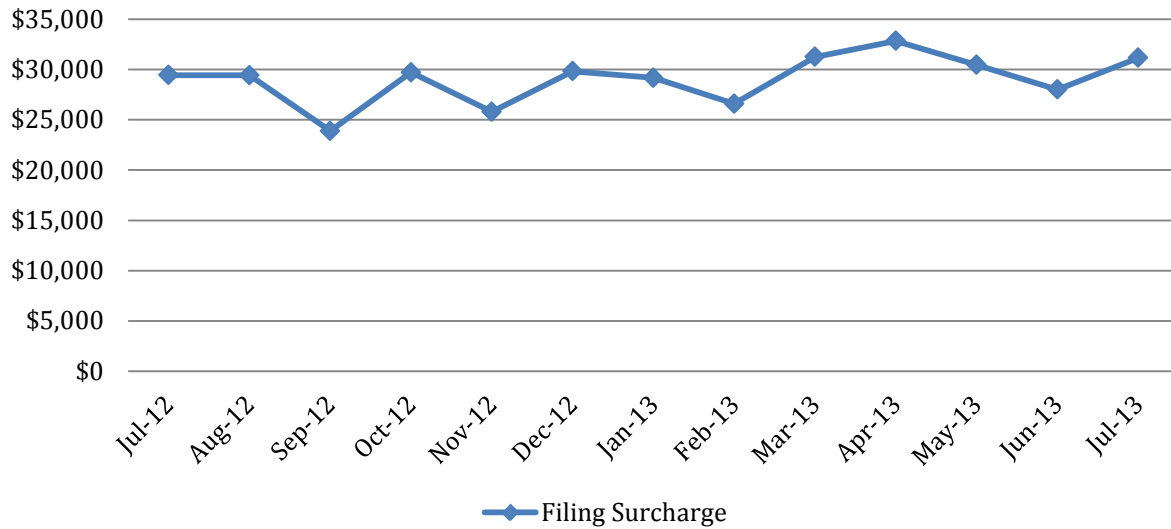
Figure 2: Monthly Number of UCC-1 Filings – SFY2013



### Task Force Funding

Commerce funds the two FFIT task forces based on collections of the previous 12 months from the UCC account, which continues to accrue. In August 2009, the first contracts were initiated with the Spokane County FFIT Task Force and then in October 2009 with the Greater Puget Sound FFIT Task Force. To date, \$1,916,196 has been distributed to the two FFIT task forces, including \$377,474 in SFY 2013 (contract closed on June 30, 2013).

Figure 3: Monthly Amounts of UCC-1 Surcharge Filings – SFY2013



The Greater Puget Sound FFIT Task Force and the Spokane County FFIT Task Force are proportionately funded annually with UCC fees collected. The Puget Sound FFIT task force previously received \$1,039,972; the Spokane FFIT task force previously received \$498,750.

The SFY 2013 GPS FFIT Task Force contract was funded at \$209,357, and the Spokane FFIT Task Force at \$104,678.

**Program Performance**

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

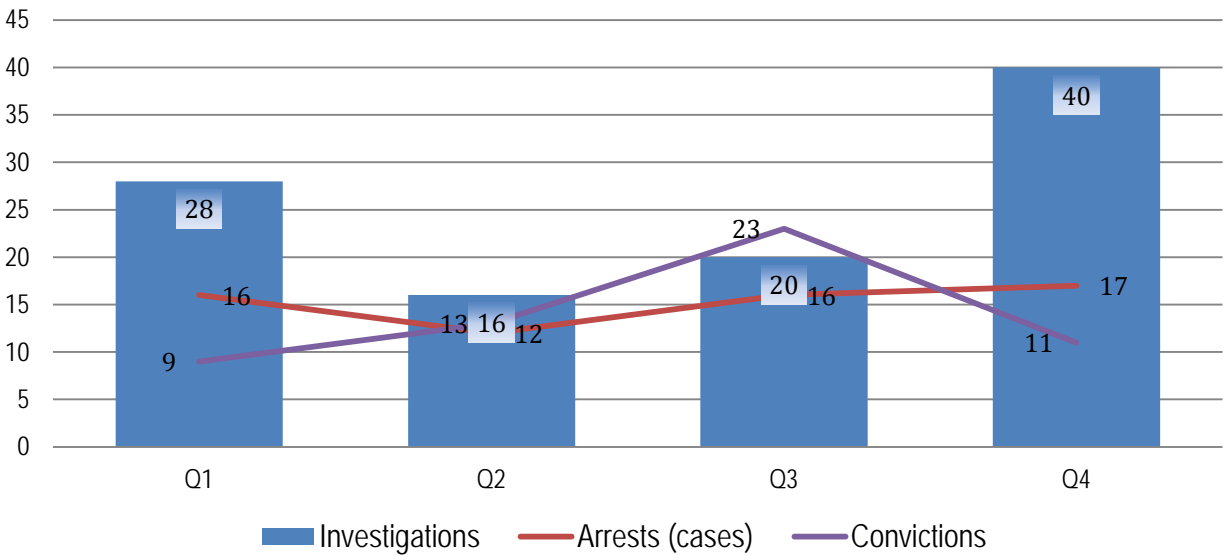
FFIT continues to make inroads in better identifying, arresting, and prosecuting individuals and groups engaged in the criminal enterprise of financial fraud and identity theft. In the SFY 2013 contract period, the program demonstrated an increase in performance outcomes.

The two task forces operate in vastly different sectors of the state, experiencing a wide variety of financial fraud and identity theft activity from all sectors of the business and financial markets. Statewide, the task forces conducted 555 investigations, made arrests in 535 cases involving 1,392 counts, and received 495 convictions on cases prosecuted.

The following graphs depict SFY 2013 quarterly results of the enforcement work done by each task force. The statewide target for the task forces is 92 convictions per quarter.

The Greater Puget Sound FFIT Task Force conducted 104 investigations, made arrests in 61 cases involving 470 counts, and received 56 convictions on cases prosecuted.

Figure 4: Greater Puget Sound Task Force Quarterly Performance – SFY2013



In the same contract period, the Spokane County FFIT Task Force conducted 451 investigations, made arrests in 474 cases involving 922 counts, and received 439 convictions on cases prosecuted. The quarterly results are shown in the chart below.

Figure 5: Spokane County Task Force Quarterly Performance – SFY2013

