

HB 3414 -- FRAUDULENT ACTIVITIES

SPONSOR: Reuter

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Crime and Public Safety by a vote of 12 to 1 with 3 members voting present.

This bill establishes new laws in Missouri to combat fraud related to "access devices", as defined in the bill, which include credit cards, account numbers, and other means to obtain money, goods, or services, or to transfer funds.

The bill outlines specific violations, including, but not limited to, knowingly using or creating counterfeit or unauthorized access devices, possessing a large number of access devices, or using the devices to obtain over \$1,000 in a year.

This bill includes fraud involving telecommunications services, including using modified phones or "scanning receivers", as defined in the bill, to intercept communications or obtain services without authorization.

Penalties for violating these provisions vary based on whether it's a first or subsequent violation, with specified fines, imprisonment terms up to 20 years, and forfeiture of property used in the crime.

The bill creates a separate offense for devising a "scheme or artifice to defraud", which means a plan to deceive others for financial gain using interstate communications or foreign commerce to carry out that plan. This offense has a penalty of a fine not to exceed \$250,000 or up to five years imprisonment, or both.

If the violation affects a financial institution the offense has a penalty of a fine not to exceed one million dollars or up to 30 years imprisonment, or both.

The Attorney General is empowered to investigate and enforce these new provisions.

PROPONENTS: Supporters say that this is another tool for law enforcement to deal with online fraud, including bill fraud, tax fraud, and credit card fraud. This mirrors the Federal law but does not include the Commerce Clause, which is what is needed for the Federal law to be applicable. Fraud investigations are

complex and there are several processes that law enforcement has to go through, and this makes it much easier and cleaner. Missouri ranks very high in online fraud. Technology is constantly changing, and it's good to put this into law with a definition to help law enforcement.

Testifying in person for the bill were Representative Reuter; Missouri Bankers Association; Jason Jarvis; Maverik; and Arnie Dienoff.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.