

Approved: Feb. 9, 2011
Date

MINUTES OF THE HOUSE COMMITTEE ON VETERANS, MILITARY AND HOMELAND
SECURITY

The meeting was called to order by Representative Mario Goico, Chairman, at 9:00 a.m. on January 27, 2011 in Room 546-S of the Capitol.

All members were present except:
Connie O'Brien – excused

Committee staff present:
Julian Eferd, Legislative Research
Dennis Hodgins, Legislative Research
Doug Taylor, Revisor
Ann Deitcher, Committee Assistant

Conferees appearing before the Committee:
Representative Louis Ruiz
Carmen Alldritt, Director of Vehicles, Kansas Department of Revenue
Bud Burke, former President of the Kansas Senate

Chairman Goico introduced Representative Ruiz who presented a conceptual bill to the Committee that would be instrumental in providing treatment for post traumatic stress syndrome.

A motion to accept this bill for the Committee to work was made by Representative Goico, seconded by Representative Montgomery and passed by a voice vote.

The Chair then introduced Carmen Alldritt who addressed the Committee in regard to **SB 9** (2007) Compliance Report.
(Attachment 1).

Ms Alldritt explained how **SB 9** had expanded the ability of the division to exchange identity information with other state agencies. The law provides the Division of Vehicles with limited law enforcement authority for purposes of 1) fraud prevention, 2) fraud investigations; and 3) assisting prosecutions for imposter fraud springing from fraudulent driver's license applications.

She said how bogus IDs were no longer the problem. The problem now are the stolen IDs. Driver's license fraud is committed by: illegal immigrants; foreign visitors who have overstayed their visas; identity thieves who profit from using the identity of victims; criminals wanting to commit their crimes anonymously; organized crime members who use false identity to commit crimes; wanted criminals wishing to hide their real identity and people who have had the drivers licenses suspended or revoked.

Ms Alldritt said that having veterans identified on their drivers licenses still offers some challenges to work through.

Members of Ms Alldritt's staff were present to answer questions that followed. Senator Burke asked that the Committee consider creating a bill that would give disabled veterans an advantage when bidding on any State contracts.

A motion was made by Representative Grange and seconded by Representative Tietze to accept this. The motion passed on a voice vote.

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for Tuesday, February 1, 2011 at 9:00 a.m.

To: Representative Mario Goico, Chairman,
Veterans, Military and Homeland Security Committee

From: Carmen Alldritt, Director of Vehicles, Kansas Department of Revenue

Date: January 27, 2011

Subject: SB 9 ((2007) Compliance Report

Section 1. Introduction to the requirements of Senate Bill 9 (2007).

Senate Bill 9 (2007) initiated fundamental changes to the State's DL and ID issuance processes.

- Division is required to:
 1. issue temporary DL/ID to individuals with temporary lawful status;
 2. complete fingerprint-based background check on all employees;
 3. provide fraud document and imposter recognition mandatory yearly training to all employees;
 4. retain questionable breeder documents; and
 5. provide yearly report to legislature.
- Applicant is required to:
 1. submit to full facial image capture;
 2. provide a verifiable social security number, full legal name and principal residence address;
 3. provide proof of lawful presence and/or documentation allowing lawful presence; and
 4. provide proof of age and identity such as a birth certificate, passport, etc.
- SB 9 expanded the ability of the Division to exchange identity information with other state agencies. The law provided the Division of Vehicles with limited law enforcement authority for purposes of 1) fraud prevention, 2) fraud investigations; and 3) assisting prosecutions for imposter fraud springing from fraudulent driver's license applications.

Section 2. High Level Identity Credential Issuance Numbers.

Driver's Licenses

Description	CY 2010
Active Driver's Licenses as of 01/01/2011	2,022,218
Driver's Licenses Issued in CY 2010	576,435

Identification Cards

Description	CY 2010
Active Identification Cards as of 01/01/2011	241,001
Identification Cards Issued in CY 2010, estimated	80,000

Applications Denied for Insufficient Documentation

Description	CY 2010
Estimated Number of applicants denied for lack of documentation, estimated	101,219
Insufficient lawful presence documentation (8,635)	
Insufficient proof of residency and address (42,157)	
Insufficient proof of identity documentation (50,427)	

Temporary Driver's Licenses and Identification Cards

Description	CY 2010
Number of Temporary Licenses and Identification Cards Issued.	9012

Region 1
Cecil Greer



Region 2
Julie Earnest



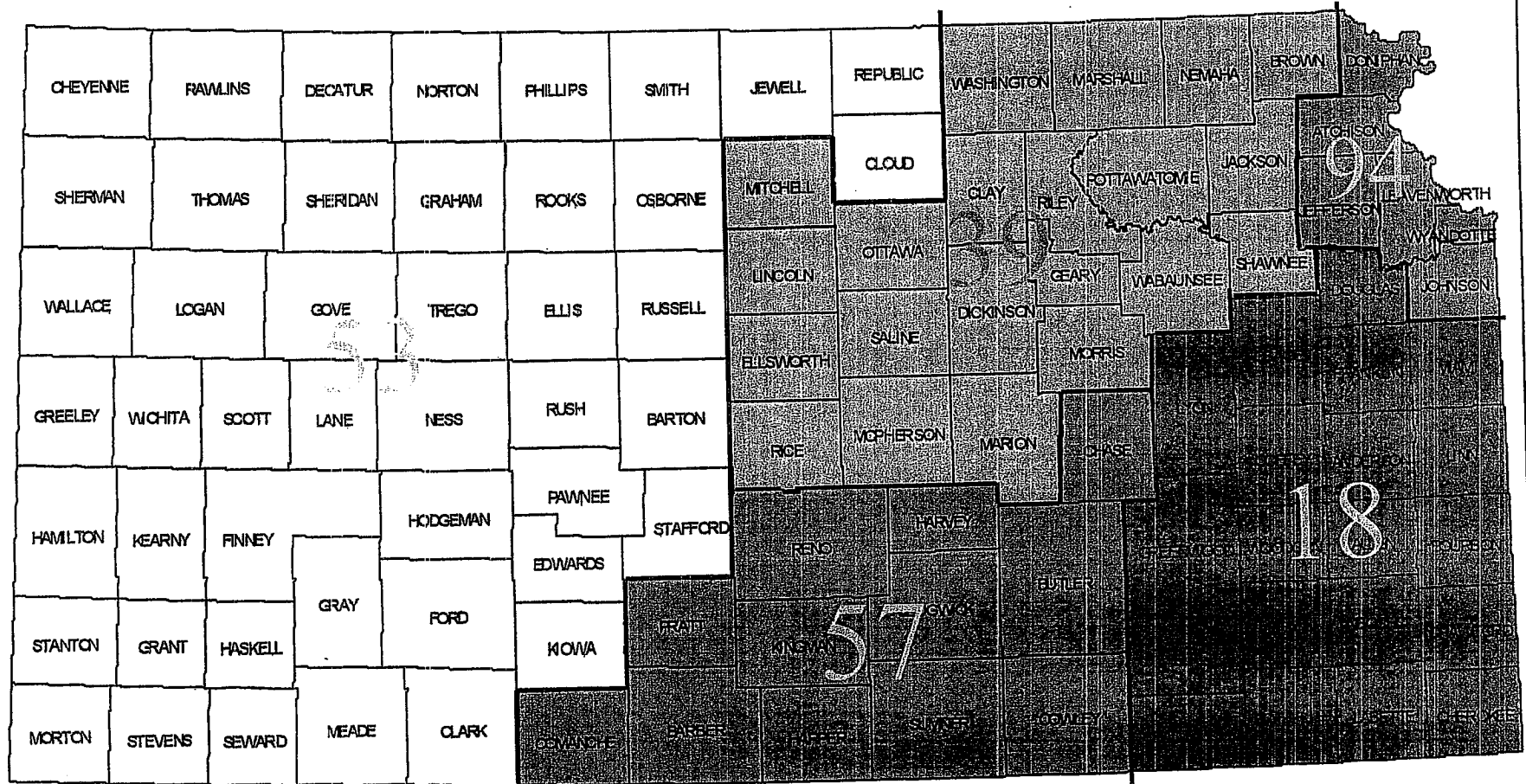
Region 4
Wil Raynor



Region 5
Noni Stuart



Region 7
Jim McClellan



2009



STATE OF KANSAS



2009

Region 1
Cecil Greer



Region 2
Julie Earnest



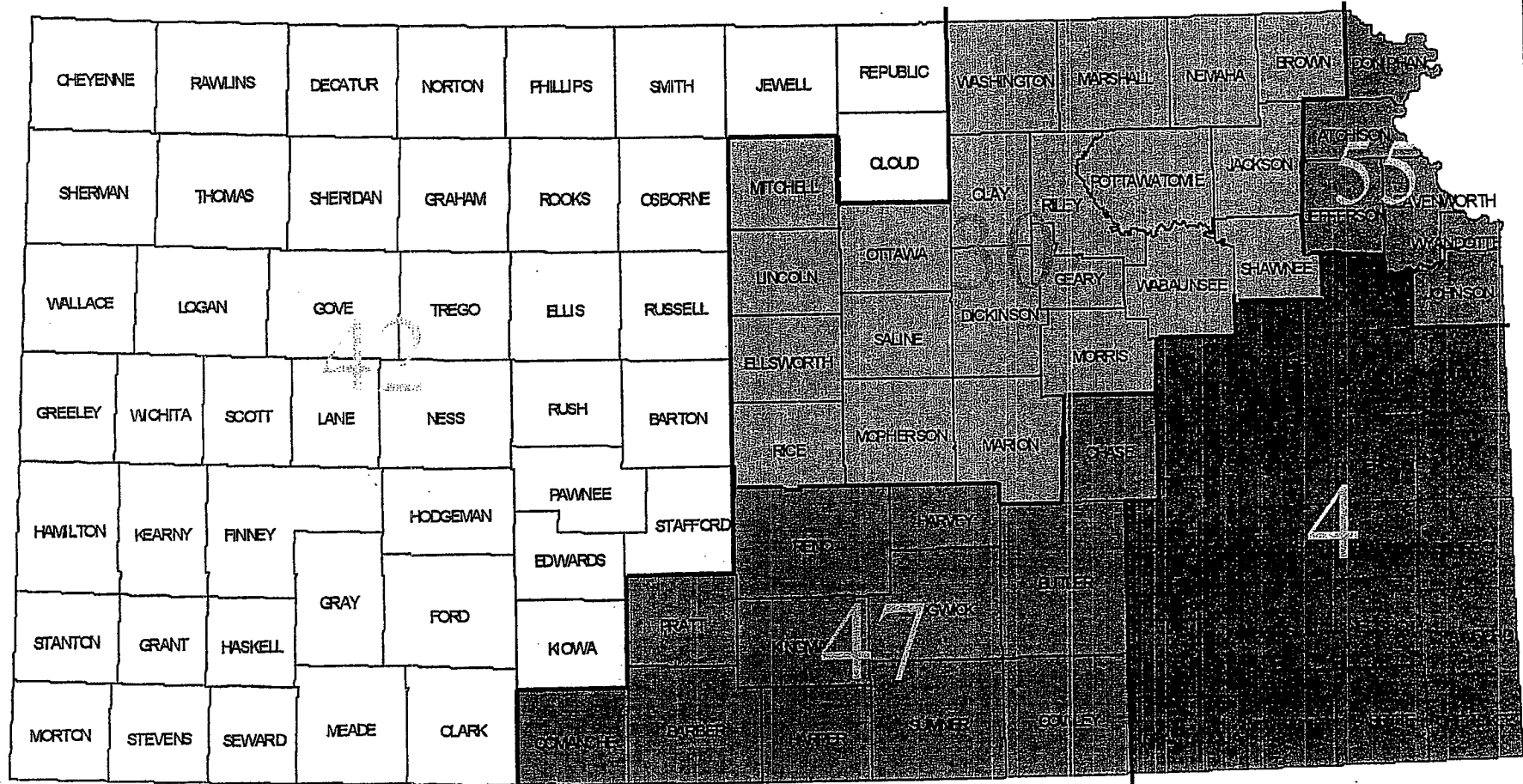
Region 4
Wil Raynor



Region 5
Noni Stuart



Region 7
Jim McClellan



STATE OF KANSAS



2010

TOTAL FOR 2010

Driver's License Fraud Overview

Purpose of KDOR Criminal Investigation

KDOR CI is charged with:

1. Confronting driver's license fraud by identifying fraud vulnerabilities and making business process recommendations to the DL Bureau to better prevent and detect fraud.
2. Preparing fraud training for DL examiners and county treasurer employees who issue driver's licenses so that they can detect fraudulent breeder documents as well as imposters (applicants claiming to be someone they are not).
3. Investigating cases of suspected driver's license fraud. Most cases are conducted administratively. Criminal investigations are performed primarily on the criminal organizations that drive driver's license fraud – supply the breeder documents to those that want to fraudulently obtain a driver's license.
4. Investigating cases of suspected crimes committed by KDOR employees on the job.

Investigative Partners

KDOR CI works closely with Homeland Security Investigations (formerly Immigration and Customs Enforcement), the FBI, the Social Security Administration Office of Inspector General, IRS Criminal Investigation, Kansas Attorney General's Office as well as Kansas police departments and sheriff's offices. Agents have been cross-trained by Homeland Security Investigations and have authority to enforce U.S. customs laws.

Who commits driver's license fraud?

Driver's license fraud is committed by:

- Illegal immigrants
- Foreign visitors who have overstayed their visas
- Identity thieves who profit from using the identity of victims
- Criminals wanting to commit their crimes anonymously
- Organized crime members who use false identity to commit crimes
- Wanted criminals wishing to hide their real identity
- People who have had their DL suspended or revoked

Current fraud trends

1. Present counterfeit breeder documents.
2. Present authentic breeder documents such as birth certificates and Social Security cards. These documents are typically sold as a set by a criminal organization so that the person wishing to commit driver's license fraud has two or more documents with the name of the victim on them. KDOR CI began training examiners on how to detect an imposter (person with authentic documents that were issued to someone else) in 2008. While this fraud is more difficult to detect, examiners are getting better at it.

It is not unusual now for criminal organizations to take their clients to one of our surrounding states to present breeder documents and obtain a state-issued DL or ID card there and then using that state DL or ID card in Kansas as a breeder document here. They do this for two reasons:

1. DL examiners in Kansas receive better fraud detection training and, in general, are more likely to detect fraud.

Driver's License Fraud Overview

2. DL examiners in Kansas retain breeder documents when they suspect the applicant is now who they claim to be or that the documents themselves are fraudulent. This is not the case in several other states.

Case Activity Summary for 2010

During calendar year 2010, KDOR CI conducted 305 driver's license fraud investigations. The fraud suspicion was confirmed in 286 of those cases. Cases are referred for investigation from the following sources:

- Facial recognition technology
- DL examiners suspecting breeder documents are fraudulent
- DL examiners suspecting applicant is an imposter who has authentic breeder docs
- External sources including Homeland Security Investigations, the FBI and local law enforcement agencies.

2010 Criminal Investigation Highlights

DL FRAUD, ORGANIZED CRIME AND HUMAN TRAFFICKING IN KANSAS CITY
Prosecution was completed on a KDOR CI initiated organized crime investigation. KDOR CI initially discovered driver's license fraud committed by foreign nationals from Uzbekistan and learned that they were using the false identities to fraudulently run a contracting business that cleaned high end hotels in states across the U.S. using mostly illegal workers from countries of interest such as Uzbekistan, Tajikistan, Turkmenistan, Kyrgyzstan and Kazakhstan. Homeland Security Investigations, the FBI, the U.S. Department of Labor OIG, IRS Criminal Investigation and the Fraud Detection and National Security branch of the U.S. Citizenship and Immigration Services, along with KDOR CI, uncovered a series of other crimes including forced labor trafficking, fraud in foreign labor contracting, money laundering, tax fraud, insurance fraud and harboring illegal aliens. A total of 14 people were charged including 9 from Uzbekistan, 2 from Moldova and three Americans. Three of the suspects fled the country just before the take down. Ten of the 11 people arrested pleaded guilty and the 11th was convicted via trial. The Uzbeks, who all overstayed their visas, used driver's license fraud to operate their criminal enterprise using false names. The case made history in the following ways:

- First case in the U.S. where human trafficking was charged within a RICO (Racketeer Influenced and Corrupt Organization) conspiracy case.
- First time crime of fraud in foreign labor contracting has been charged.

DL FRAUDULENT DOCUMENT VENDOR IN ARKANSAS CITY

After investigating several incidents of driver's license fraud where the DL applicants purchased fraudulent breeder documents from a person in Arkansas City, KDOR CI, along with the Social Security Administration OIG, arrested the document vendor. An accomplice was also arrested in Texas and the case is now being prosecuted by the U.S. Attorney's Office.

Driver's License Fraud Overview

DL FRAUDULENT DOCUMENT VENDOR IN GARDEN CITY

The Garden City Police Department requested assistance dealing with a local business that they suspected of selling fraudulent breeder documents in January. We conducted a controlled buy wherein the suspect, who worked at the business, sold us (undercover) an authentic Social Security card and an El Paso County (Texas) birth certificate. The suspect pled guilty to a charge of identity theft in Finney County District Court in March.

DL FRAUD AND PASSPORT FRAUD IN ARKANSAS CITY

KDOR CI and the U.S. State Department of Diplomatic Security worked a joint investigation in which a Mexican national used the identity of deceased U.S. Citizen to first fraudulently obtain a Kansas driver's license and then attempted to attain a U.S. Passport. Our investigation showed the name and Social Security number used by Hernandez belonged to someone reported as deceased. A death claim was filed with the Social Security Administration in March, 1985. The fraudulently obtained Kansas driver's license was used by Hernandez in an effort to obtain a U.S. passport. The U.S. Attorney's office indicted Hernandez on 5 counts, including a false claim to U.S. citizenship when he applied for the Kansas driver's license.

DL FRAUD AND SOCIAL SECURITY BENEFITS FRAUD IN WINFIELD

KDOR CI assisted the Social Security Administration (SSA) Office of the Inspector General in an investigation that led to the arrest of an illegal immigrant from Mexico that stole the identity of a U.S. Marine from California that was deployed overseas at the time the suspect got a DL in his name. The suspect used a Texas birth certificate and Indiana DL as breeder documents to get a Kansas DL. He also had a cell phone and utilities in the Marine's name. The victim returned from overseas to a swarm of calls and letters from collection agencies. The illegal immigrant admitted to using the identity to obtain a Kansas driver's license and to work at a meat packing plant. The suspect pled guilty in November in federal court.

DL FRAUD AND SOCIAL SECURITY BENEFITS FRAUD IN DODGE CITY

KDOR CI worked an identity fraud case with the SSA OIG in February. The suspect obtained a driver's license using two different identities and was receiving Social Security benefits with both identities, fraudulently obtaining roughly \$12,000. The suspect was convicted in federal court.