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MEMORANDUM

TO: Senator Mike Peterson, Chairman, Senate Committee on Transportation
FROM: *Don Reynolds* Dean Reynoldson, Chief Investigator, Kansas Department of Revenue
DATE: 29 January 2013
SUBJECT: Improvements to Kansas Driver's License Card and Process

Chairman Peterson and members of the committee, thank you for affording the Department of Revenue (KDOR) the opportunity to provide an overview of the DMV's effort to prevent, detect and deter driver's license fraud.

DMV Director Donna Shelite is here to provide additional information that may be needed and to answer questions you may have. Director Shelite has been very responsive to OSI's recommendations regarding fraud and, because of her leadership, Kansas is a leader in the nationwide fight against driver's license fraud.

I am the Chief Investigator for KDOR's Office of Special Investigations (OSI) and am also currently serving as the Director of the Alcoholic Beverage Control. OSI conducts investigations pertaining to fraud perpetrated against KDOR including driver's license fraud, vehicle title fraud and criminal tax fraud. In addition to investigating suspected incidents of driver's license fraud, OSI also:

- ✓ Oversees matters relating to identity security as it relates to the issuance of driver's licenses, making fraud control recommendations to the DMV Director.
- ✓ Prepares training materials to ensure that driver's license examiners are equipped to deal with emerging fraud trends.
- ✓ Administers the agency's SAVE (Systematic Alien Verification for Entitlements) program to help the DMV determine lawful presence of applicants from other countries.

As you know, driver's license fraud played a key role in the 9/11 attacks. Fourteen of the 19 hijackers fraudulently obtained state-issued driver's licenses that helped them board the planes. At that time, Kansas had virtually nothing in place with regard to fraud prevention, detection or investigation.

The legislature passed Senate Bill 7 in 2007 that codified our recommendations to close many of the fraud vulnerabilities that existed at the time. We trained our driver's license examiners to recognize fraud and put in place rigorous processes to help the DMV effectively deal with fraud.

The following are some high points relating to our fraud strategy that have been recently operationalized.

Upgraded security features on new Kansas driver's license card

The card was implemented in October of 2012. As technology advances, counterfeiters are able to better mimic security features on ID documents. For this reason, it is important to stay a step ahead of the criminals by enhancing the security features and laying one security feature on top of another. Some of the current Kansas DL security features include:

- ✓ Fine line printing
- ✓ Laser etched image of card-holder in the form of a ghost image
- ✓ Hologram that is highly detailed with multiple colors
- ✓ Microprint throughout the card
- ✓ Microprint unique to the card-holder
- ✓ Ultra-violet image (UV) on the front that is highly detailed with multiple colors
- ✓ UV image of the card-holder's portrait along with the date of birth.

Photo First process

To prevent the "cutting in line" fraud scheme we discussed during last year's update, the DMV implemented a "photo first" process. A photo of the applicant is now the first, rather than last, step in the process. This ensures that a person cannot get their photo on a DL with a co-conspirator's information.

Enhanced photo compare technology

We have operationalized improved technology with regard to photo compare to deal with fraud involving a person applying for a driver's license using two or more identities.

Systematic Alien Verification for Entitlements (SAVE)

Kansas Department of Revenue began utilizing the SAVE system to determine the lawful status of driver's license and identification card applicants who are not U.S. citizens. This step allows the Department of Revenue to match the applicant's immigration benefit end-date with the expiration date on the identification document.

Example of driver's license fraud investigation

Attached to the testimony is a newspaper article relating to a recent OSI driver's license fraud investigation. This type of identity takeover is becoming more prevalent. Driver's license fraud is typically a pre-requisite for identity takeover, or as the article calls it, "total identity theft."

Identity takeover often involves:

- ✓ the filing of taxes in the victim's name
- ✓ obtaining credit, loans and even mortgages; often destroying the victim's credit rating
- ✓ attaining welfare, Social Security and other government benefits
- ✓ getting insurance and medical treatment in the victim's name.

The defendant in this case, went so far as to use the victim's identity in giving birth. You can imagine the potential problems related to medical records created by identity thieves.

Director Shelite and I welcome any questions you may have.