



**Senate Bill 98 Proponent Testimony**  
**Ohio House State and Local Government Committee**  
**Ohio Secretary of State Frank LaRose**  
**May 21, 2024**

Chairman Wiggam, Vice Chair Dean, Ranking Member Brennan, and members of the Ohio House State and Local Government Committee, thank you for allowing me the opportunity to provide proponent testimony on Senate Bill 98.

One of the main responsibilities of the Office of the Secretary of State is to help Ohioans start a new business. Thanks to the economic incentives and smart policy decisions made by the General Assembly in recent years, our state is a national leader in attracting job creators to our communities in pursuit of the American Dream. These small business owners work tirelessly to overcome all the challenges of surviving in today's economy, and the last thing they need to worry about is someone stealing their way of life out from under them.

Unfortunately, we see this happen all too often in Ohio, and we are mostly powerless to stop it. Today, I am respectfully asking for your help to protect our entrepreneurs from the bad actors trying to defraud them. I ask for your vote to pass the safeguards included in Senate Bill 98 into law.

As hard as these job creators work to defend their livelihood every day, someone else is working just as hard to steal it. My office has seen a growing trend of criminal activity targeting small businesses, and we need to codify the tools to help us stop it. Here's how it works: fraudsters and criminals file paperwork with my office to change the name of a legitimate business's statutory agent, and then file more paperwork to close that business. They quickly move to set up another business with a similar name so they can steal checks from the business they just closed and even open a line of credit using the former business's history.

My office has also seen criminals file fraudulent paperwork to claim the identity of a business that has been closed for decades just so they can steal the business's money from Ohio's Unclaimed Funds.<sup>1</sup> We are also aware, based on constituent complaints,

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<sup>1</sup> <https://www.dispatch.com/story/news/courts/2023/02/24/columbus-man-steals-over-486k-from-unclaimed-funds-held-by-ohio/69937901007/>

that fraudsters are forming new businesses using the identities of innocent individuals without their knowledge or consent.

Make no mistake. These fraudulent actions can have devastating effects on honest, hardworking Ohioans, and they often cause immense hardship on small business owners just struggling to survive. The problem currently is that we have very little ability within the law to do anything about it. When a victim contacts my office to report a business identity theft, all we can do is listen and explain that under current Ohio law they need to get a court order instructing my office to remove a fraudulent filing from the public record before they can take the necessary steps to end any fraudulent activity. This places the burden on a business owner to hire an attorney and navigate the complicated judicial system. By the time they get a court to act on their behalf, it's often too late to protect their livelihood. Simply put, my office's hands are tied, and Ohio law does not protect the people in our communities just working to build and make an honest living.

If that's not bad enough, criminals often send solicitations to small business owners informing them they must pay a fee to access their business records with the Secretary of State's office. In many instances, these solicitations look like an official document, with alarming language that seeks to scare small businesses owners into paying a fee to these fraudsters who then provide the records at a cost far greater than they would otherwise need to pay. The most common record used in this scheme is called a Certificate of Good Standing, which can be accessed from my office for a \$5 fee. Criminals have been known to charge scare a business into paying \$75 or more for the same certificate. By allowing these solicitations to go unchecked, small business owners are being shaken down and defrauded with no accountability.

We must do better by our business owners to protect their identities and their livelihoods. That is why I fully support Senate Bill 98. This legislation would streamline the process of identifying, investigating, and acting on business fraud by empowering the Secretary of State's office to immediately engage without the business owner having to obtain a court order. Senate Bill 98 would allow my office to proactively investigate complaints of potential fraud. Where evidence of fraud is discovered, my office would be able to contact those alleged to have committed the crime and ask for supporting documentation of their authority to modify business records or open the business in question. If 21 days pass after sending notice to the alleged offender and my office does not receive a response, we can immediately cancel the business filings and correct any changes made to its filings for fraudulent purposes. The legislation also provides the county prosecuting attorney the authority to bring civil action against an alleged

offender. Similar to the Secretary of State's notary enforcement authority, Senate Bill 98 provides for an administrative appeal process for any individual seeking to defend their questionable actions.

The legislation also requires greater transparency in communicating a fee to business owners for the disclosure of public documents. They would be required to clearly show that the documents likely can be obtained for free or at a lower cost through the Secretary of State's office. The solicitations would be prohibited from using any language establishing a deadline or make the document appear to be from a local, state, or federal governmental office.

Senate Bill 98 is legislation that is vital to the economic health of our state and the security of our honest, hardworking small businesses. It has gained the support of the Ohio Chamber of Commerce, the NFIB, the Ohio Council of Retail Merchants, and Dun and Bradstreet, one of the nation's leading business data security companies. This legislation also unanimously passed the Senate, where I thank Senator Rulli for his leadership on the issue. I urge favorable adoption by the House, and I stand ready to answer any questions the committee might have in its consideration of the bill.

Yours in Service,



Frank LaRose  
Ohio Secretary of State